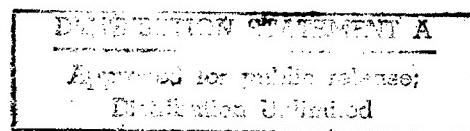


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China Report

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ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

TEMPORARY RULES ON VEHICLE TRADING RELEASED

HK200454 Beijing CHINA DAILY in English 20 Sep 85 p 2

[Text] The General Office of the State Council has released temporary regulations governing automobile trading.

The provisions stipulate that:

--Two businesses are allowed to engage in trading of automobiles, vehicle centers operating under the Goods and Materials Department and the Auto-Industry Trade Company of the China Auto-Industry Sales Service Co..

--Automobiles for sale are those put on the market by departments under the State Council, provincial and city governments and surplus-over-quota autos manufactured by vehicle factories. Individual resales of automobiles for profit are prohibited.

--Automobiles may, in some cases, be sold by the factory itself, or by its agents. Forward transactions are allowed but must be conducted by contract.

--Only public security and traffic control departments will license automobiles after sales receipts are examined and approved by the Industrial and Commercial Administration.

--Automobiles traded by the two businesses must be sold at State-fixed prices.

--Old automobiles can only be traded in markets designated by provincial and city governments. Imported old automobiles are an exception.

--Goods and materials departments and the Auto Industry Sales Service So. should provide information and service to the auto trade industry. Factories should endeavor to raise the quality of automobiles and tailor production to market demand. The Industrial and Commercial Administration should seek to strengthen supervision and

management and promote harmonious economic relations between sellers and buyers.

--Auto-trading must adhere to State policies, turning over required taxes. Doing business without a license, reselling automobiles and tampering with prices are prohibited.

CSO: 4020/7

PROVINCIAL AFFAIRS

MAO ZHIYONG ON BANNING CHANGSHA COMPANY

OW151515 Beijing XINHUA Domestic Service in Chinese 1456 GMT 12 Sep 85

[By reporters Zhong Jingde and Wen Boqi]

[Excerpts] Changsha, 12 Sep (XINHUA)--The Nannan Information Company in northern Changsha City, which carried out fraudulent practices by sponsoring in early June this year the "first exhibition to promote the sales of famous brand high-quality products in the country," was closed today by the Bureau of Industrial and Commercial Administration in northern Changsha City.

The Nannan Information Company was formed by four young men in July 1984. However, soon after that, it was controlled by the dependents and relatives of incumbent cadres--Chen Fang, Peng Bin, Gong Yingfu, and others. They had formed a nine-member board of directors, while they themselves held important posts in the company.

An investigation revealed that from September to December 1984, they had illegally sold cotton yarn, glycerine, color television sets, motor vehicles, rolled steel and other materials badly needed by the state, reaping a staggering profit of 121,000 yuan.

Right now, the investigation group of the Hunan Provincial CPC Committee is conscientiously investigating this case.

With regard to this serious case, Secretary Mao Zhiyong of the Hunan Provincial CPC Committee recently pointed out: Hoisting the banner of carrying out reforms, the Nannan Information Company has tried to disrupt our economy. It has created serious problems and spread evil influences. On how to draw lessons from this case, he emphatically pointed out:

1. We must adopt a clear-cut stand in supporting the policy to carry out reforms and invigorate the economy. However, we must resolutely prevent some people from taking advantage of the policy of carrying out reforms to reap illicit profits.

2. A leading cadre must fully understand the situation before he expresses his views on a certain issue. Under no circumstances should he express his

views without understanding the situation or with only a smattering of knowledge.

3. We must not only earnestly implement the instructions issued by the party Central Committee and the State Council, but also strengthen our supervision and checkups to ensure that those instructions are firmly implemented.

4. In handling any problem, we must stick to our principles. We must not concern ourselves about face-saving. In handling the case of the Nannan Information Company, some of our comrades have committed errors on this particular point.

5. The various organs and departments under the provincial CPC Committee and the provincial government must fully understand the limits of their functions and powers, and further improve the various systems.

Mao Zhiyong emphatically pointed out: The leading comrades of those units and departments involved in the case of the Nannan Information Company should hold meetings to sum up their experiences and draw lessons from this case, while those people who are involved must clearly declare where they stand in this case.

CSO: 4006/2

PROVINCIAL AFFAIRS

NORTHEAST PROVINCES HOLD DEVELOPMENT SEMINAR

SK170555 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT
16 Sep 85

[Text] The Third Northeast Economic Zone Seminar on economic and social development strategy concluded in Harbin City today. At the seminar, representatives from the four provinces and one autonomous region, including Liaoning, Jilin, Heilongjiang, and Nei Monggol, exchanged their views concerning the economic and social development strategy and emphatically discussed the outline of the northeast economic zone on economic and social development. The seminar also discussed the five key strategies--industry, agriculture, energy resources, communications and transportation, and tertiary industry--in line with the overall state strategy.

At the closing ceremony of the seminar, Governor Hou Jie, delivered a speech on behalf of the seminar's leading group, in which he stated: The northeast economic zone comprises the three provinces of Liaoning, Jilin, and Heilongjiang, and the three leagues and one city in the eastern area of Nei Monggol Autonomous Region. These provinces and region are not just geographic neighbors, but have also established a special relationship in which they economically coexisted and were linked closely at the early stage of the PRC in which the large-scale construction was carried out. The overall state strategy for the northeast economic zone will play an important guiding and congruous role in harmonizing the relationship between departments and regions, promoting the establishment of lateral economic cooperation, and developing various economic networks.

In his speech, Governor Hou Jie pointed out: An economic development strategy must be based on making progress in science and efforts should be made to regard science and technology as the strategy's primary emphasis. We should change the production structure from the former traditional one with the characteristics of development of material resources, extensive production, and all-round coverage, to the new one with the characteristics of precise and fine processing, technical intensive production, and specialized technical coordination. This is the fundamental way and the strategic means for fortifying the actual economic strength of the north-eastern areas. We must break the traditional mold of developing the economy in the northeastern areas; improve the backward industrial situation of out-dated molds, extensive production, and close-up policy in these areas;

and must uphold the major principle of setting up economic cooperation with domestic places. All of this is the key to making the economy prosperous in the northeastern areas and quadrupling the annual industrial and agricultural output value at end of this century.

The northeastern economic zone established an economic and technological society in Harbin City on 16 September. Gu Zhuoxin was elected honorary president of the society and Shen Yue, president of the society.

CSO: 4006/2

PROVINCIAL AFFAIRS

NORTHEAST COOPERATION MEETING ENDS IN JILIN

SK132319 Changchun Jilin Provincial Service in Mandarin 1030 GMT 12 Sep 85

[Excerpts] After a 4-day session, the second Northeast meeting on economic and technological cooperation ended today.

Representatives have emancipated their minds, sought truth from facts, bravely made explorations, conscientiously discussed the issue of further strengthening lateral economic cooperation in Northeast China, and talked about some major issues concerning cooperation. The meeting signed agreements and agreements of intention on 455 items, involving importing 384 million yuan of funds, transferring 19 scientific research achievements, and 9 items on reciprocally recruiting students and cultivating talented persons with 158 persons involved.

The meeting held: The key to enlivening the economy in Northeast and to conducting economic and technological cooperation is to accelerate the construction of energy bases, to develop joint transportation, and to build up transportation channels between the south and the north. The specific contents of the economic and technological cooperation are to enthusiastically organize integrated operations with a focus on producing famous quality products to promote the rationalization of production, technological, and products structures of the enterprises; and to concentrate the scientific and technological advantages on ceaselessly opening up and expanding the spheres of conducting cooperation between production and livelihood means.

Representatives from northeast China conscientiously discussed the issues concerning the construction of the first-class Harbin-Dalian highway and the Dandong-Fonghua-Tumen railway line in the northeast, and the coordination of highway transport between the three provinces of Northeast China. They also discussed the issues on jointly transforming the No 4 steelworks under the Anshan Iron and Steel Company, cooperatively building a color kinescope plant and developing new chemical industrial products on the basis of Daqing's ethylene among the three provinces, setting up integrated operations in the Northeast for producing famous-brand quality products, cooperatively conducting small-scale border trade, conducting coordinated cooperations between factories in the Northeast, and building liaison offices in charge of the economic and technological cooperation in the Northeast. The meeting also reached an agreement on organizing and building the Northeast technological information cooperation network.

PROVINCIAL AFFAIRS

GUIZHOU TOWNSHIP, TOWN ENTERPRISE BUREAU DIRECTORS MEET

HK260627 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 24 Sep 85

[Excerpts] From 18 to 21 September, the Provincial Township and Town Enterprise Bureau held a meeting of the township and town enterprise bureau directors of the prefectures, autonomous prefectures, and cities. The meeting demanded: That departments in charge of the township and town enterprises in all places must give full play to the productive potential of existing enterprises and must ensure increases in production and income. Vice Governor (Liu Yuling) and leading comrades of the Provincial Economic Committee attended the meeting and made speeches.

According to statistics, by the end of August the output value of all township and town enterprises throughout the province was over 1,086 million yuan, which was 72.5 percent of the quota for the whole year and was some 1000 percent more than in the same period last year. Income was some 820 million yuan, which was 120 percent more than the corresponding period last year. The output value and income exceeded those in the year before last.

The meeting proposed: On the basis of fulfilling the quotas assigned by the province ahead of schedule, township and town enterprise management departments at all levels must overcome the general method of work and must really concentrate on doing service work well in order to promote production in the enterprises. It is necessary to organize and send forces down to vigorously help them carry out measures. It is essential to raise more funds in many forms, through many channels, in many ways, and to vigorously produce the products needed by the markets.

It is imperative to do service work well before and after production, to help enterprises unblock their circulation channels to promote the sale of their products, and to ensure increases in production and income of the township and town enterprises.

CSO: 4006/11

PROVINCIAL AFFAIRS

HENAN GOVERNOR SPEAKS ON DEVELOPMENT STRATEGY

HK160840 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 15 Sep 85

[Excerpts] On 11 September, Governor He Zhugang delivered a speech entitled On the Problem of Formulating and Implementing the Guidelines for Henan Province's Economic and Social Development at the broadcast forum on the strategy for Henan Province's economic and social development which was held by this station.

In his speech, He Zhukang pointed out that the forum held by the Henan People's Broadcasting Station on the strategy for Henan Province's economic and social development is a good thing that deserves commendation. It will undoubtedly play an important role in mobilizing the people of the province to take an interest in the participation in this systems engineering.

When talking about the formulation and implementation of the guidelines for the province's development strategy, He Zhugang pointed out, it is necessary to stress the development of the socialist economy, to adhere to the four basic principles, to simultaneously grasp the building of two civilizations, to emancipate the mind, to seek truth from facts, to be bold in conducting reforms, and to clear the way to forge ahead. To achieve this, first, we must proceed from the closed economic pattern to an open one. As far as opening to the outside world is concerned, we must stress the expansion of foreign trade and as for opening up to other parts of the country, we must vigorously develop horizontal economic relations. Second, we must pay particular attention to [passage indistinct]. We must foster the idea of cherishing, using, relying on, and educating qualified personnel in society at large. Third, we must pay particular attention to attaining better economic results and [words indistinct]. Fourth, we must [passage indistinct].

CSO: 4006/2

PROVINCIAL AFFAIRS

FUJIAN'S HU PING INVESTIGATES MOUNTAINOUS AREAS

OW171331 Beijing XINHUA Domestic Service in Chinese 0052 GMT 14 Sep 85

[By reporters Xiao Hujia and Liu Xianpeng]

[Excerpts] Fuzhou, 14 Sep (XINHUA)--After making investigations and studies, the Fujian Provincial CPC Committee and the provincial government pointed out that construction in the mountainous areas should be sped up through rational exploitation of natural resources and on the principle of cooperation, coordinated development, and division of work between mountainous and coastal areas.

In Fujian Province, "80 percent is mountainous areas, 10 percent is covered by water, and only 10 percent is arable land." Forty-eight of the province's 68 counties (and cities) are located in mountainous areas, and many towns and townships in 20 coastal counties (and cities) are also situated in hilly areas. With the carrying out of reforms and the implementation of the policies of opening to the outside world and invigorating the economy, the gap between mountainous and coastal areas in Fujian has gradually widened. Mountainous areas' conditions for opening to the outside world are not as good, they are not able to withstand heavy strains in reform, and there are a number of factors restricting their actions in these regards. In addition, there are also problems in policy decisions and guiding principles laid down by the leadership. The leadership also has not done sufficient studies on what ways should be adopted for the development of mountainous areas. As a result, the leadership has not given effective guidance, nor has it provided sufficient service. So the results are poor. In view of the situation, the Fujian Provincial People's Government decided to start its work in this regard with investigation and study in order to seek new ways for developing mountainous areas and helping people there free themselves from poverty and get rich.

This summer, Governor Hu Ping led a team to make a comprehensive investigation of 29 mountainous counties and towns in 5 prefectures and cities.

On the basis of the investigation, the Fujian Provincial Party Committee and the provincial government in early September called a provincial meeting of commissioners, mayors, and county heads, with construction in mountainous areas as the central topic for discussion. The meeting conscientiously

discussed guiding principles, planning requirements, and policy measures for the development of mountainous areas. The meeting held: Now many mountainous areas are poor and backward mainly because their agricultural structure is irrational and their commodity economy is undeveloped. In such areas, the production level is low, the shortage of qualified personnel serious, transport facilities poor, and access to information slow. In view of this, the provincial party committee and the provincial government pointed out that the strategy for the development of mountainous areas must be an open one. In concrete terms, it is necessary to develop mountainous areas by rationally exploiting natural resources and effecting cooperation, coordinated development, and division of labor between mountainous and coastal areas.

After defining the principles for the development of mountainous areas, the provincial government and various departments under it have strengthened their guidance and services for mountainous areas and have formulated various preferential policies and assistance measures in accordance with relevant state regulations. The province now has 150 townships where per capita income is less than 200 yuan. The provincial authority is giving priority to such areas in allocating funds and materials and is providing special assistance to them in building transport, water, electric power, cultural, and public health facilities.

Based on a great deal of investigation and study, the macroeconomic policy decision by the provincial party committee and the provincial government, which accords with actual conditions in various mountainous areas, has received an enthusiastic response from the cadres and masses in such areas, and they are translating the decision into practical action.

CSO: 4006/2

PROVINCIAL AFFAIRS

READJUSTMENT OF GUANGXI'S RURAL INDUSTRY SUCCESSFUL

HK131033 Beijing ZHONGGUO XINWEN SHE in Chinese 1356 GMT 12 Sep 85

[Report: "Readjustment of Guangxi's Rural Industrial Structure Shows Results in a Year of Natural Disaster"]

[Text] Nanning, 12 Sep (ZHONGGUO XINWEN SHE)--Despite a drop of more than 700 million jin of Guangxi's summer grain this year due to drought and a reduced planting area, parties concerned have claimed that the total annual agricultural output value may still chalk up an increase over last year. This is the result of the readjustment of the rural industrial structure in Guangxi.

Guangxi has traditionally been called "a place that is eight-tenths mountains, one-tenth streams, and one-tenth arable land as well as an expanse of ocean." In the past, people ignored the mountains, streams and sea as superior features of Guangxi which could be exploited and devoted their sole effort to tilling and grain production. Many forests were destroyed to reclaim land and mountains blasted to create fields, but with little or no reward. Beginning in 1980, various areas of Guangxi, with reality in mind, made systematic surveys of local climate, soil and water resources and how crops grow, gradually readjusting the rural industrial structure and enabling the distribution of agricultural crops to be more rational.

Now, Guangxi has freed 1.12 million rural workers from the fields to participate in the processing industry and tertiary industries. The number of rural enterprises has reached more than 122,000; total income is up from 910 million yuan in 1980 to 1.495 billion yuan. The rural commodity economy has begun to take off. According to statistics, the rural per capita net income throughout the region in 1984 rose more than 50 percent over 1980. With the introduction of the policy of farmland reverting to forestland and pastureland in some economically backward mountain counties, special native products have been developed and peasants' financial income has also gone up. In the first half of this year, despite drought the like that had not been seen in a century, there was relatively great development in forestry, animal husbandry, fishery and sideline occupations. Total output value of town and township enterprises rose more than 40 percent over the corresponding period of last year. Peasants' saving deposits showed an increase of about 30 percent compared with the corresponding period last year.

PROVINCIAL AFFAIRS

PEOPLE'S CONGRESS MEETING ON PRODUCTION, VEGETABLE PRICES

SK260418 Harbin HEILONGJAING RIBAO in Chinese 11 Sep 85 p 1

[Excerpts] On the afternoon of 10 September, the 17th standing committee meeting of the 6th Provincial People's Congress held a joint-group session. Members gave many good opinions and suggestions to the provincial government and other relevant departments on the fulfillment of the January-July economic and social development plan and the budget plan.

The members said: How should we understand the continuous, stable, and coordinated development of the national economy? Because some localities have sought high growth rate since last year, some factors for imbalanced development still exist. We should make a sober estimate of the situation and thoroughly study the problems blocking our way of advance while fully affirming our achievements so that we can avoid repeating the past practice of large-scale increase and decline in development rate.

The members held in their speeches: In estimating the agricultural situation, we should note the influence of the serious disaster in our province because the factors for production increase are limited at present. We should not insist on fulfilling the quotas defined in early this year, but should proceed from reality and put forward realistic quotas and measures. Only in this way can we effectively arouse the enthusiasm of the masses of peasants. Hog and sheep production has witnessed some development but is still in a period of restoration. We should continue to adopt effective measures to achieve new development.

The members said: Governments at various levels should strengthen control over tax collection because taxes are the major source of revenue. They pointed out: Tax evasion is very serious in collective and individual enterprises at present, and has caused many defects, and drained away the state financial resources. Some enterprises distribute as bonuses the taxes they should have turned over to the state, thus increasing consumption funds. Some use them for bribery and buying gifts to corrupt some cadres and encourage the spread of unhealthy trends. Proper measure should be taken to solve these problems.

Members offered many opinions criticizing the commodity prices. They held that commodity prices are not properly controlled. In particular, vegetable

prices in some cities of our province are always very high. The masses feel that they cannot bear it and have a lot of complaints. They pointed out: There are reasons for high vegetable prices. First, leading persons fail to successfully attend to vegetable production, and vegetable growing contracts signed by some localities and peasants early this year are not fulfilled. Second, commercial departments fail to perform their functions as a major channel. Because state commercial departments fail to ensure vegetable supply, consumers have to spend a lot of money and vegetable growers cannot increase their income. Those benefited are the intermediate vegetable peddlers. Relevant departments should study the ways to understand the work of "controlling over major issues and allowing flexibility on minor ones."

The day's session was presided over by Lu Guang, vice chairman of the Provincial People's Congress Standing Committee. Attending were Vice Chairmen Chen Yuanzhi, Wang Pili, Wang Jun, Zhao Zhenhua, and Zhang Ruoxian.

Attending as observers were An Zhendong, vice governor, Zhang Li, president of the Provincial Higher People's Court, Jia Chengwen, chief procurator of the Provincial People's Procuratorate, and responsible persons of departments concerned.

CSO: 4006/11

PROVINCIAL AFFAIRS

NEI MONGGOL AGRICULTURAL, INDUSTRIAL ACHIEVEMENTS

SK300415 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 29 Sep 85

[Text] Our region's agricultural and animal husbandry production has developed rapidly during the Sixth 5-Year Plan period. The production structures of the rural and pastoral areas have been readjusted and have gradually become rational. Since the implementation of the Sixth 5-Year Plan, our region's agricultural and animal husbandry production has rapidly developed along with the reform of the economic structure in the rural and pastoral areas. From 1981 to 1984, the total agricultural output value of the whole region showed an average annual increase of 12.5 percent, the period of the best agricultural production development in our region. By 1984, the region not only created all-time records in the output of grain, oil-bearing seeds, and beets, but also reached the major targets such as the total agricultural output value, set for 1985 in the Sixth 5-Year Plan, ahead of schedule. The production of animal husbandry has developed fairly rapidly. During the past few years, thanks to earnest efforts to implement the principle of taking forestry and animal husbandry as the major fields of production while diversifying the economy, the number of livestock sold as commodities and the number of animals slaughtered rose slightly as compared with 1980. The output of major animal products such as meat, milk, poultry, and eggs also increased at varying rates.

During the Sixth 5-Year Plan period, the various localities have begun to pay attention to rationally readjusting the overall arrangements and the production structures of agriculture and animal husbandry, thus enabling our region's rural and pastoral areas to change their single-product production structure to one of multilayer and comprehensive development. On the premise of guaranteeing grain production, we have gradually increased the proportion of cash crops.

Our region has achieved remarkable success in industrial production during the Sixth 5-Year Plan period, and has overfulfilled the Sixth 5-Year Plan 1 year ahead of schedule. During the Sixth 5-Year Plan period, the main characteristics of our region's industrial production were as follows:

First, industrial production steadily increased in the course of readjustment and reform. From 1981 to 1984, the total industrial output value showed an average annual increase of 8.7 percent. The output value of light industry showed an average annual increase of 9.2 percent, and that of heavy industry

showed an average annual increase of 8.3 percent. The proportion of the light industrial output value in the entire industrial output value rose from 41.2 in 1980 to 421. percent in 1984, and that of the heavy industrial output value dropped from 58.8 percent in 1980 to 57.9 percent in 1984. The proportions of light and heavy industries became more coordinated.

Second, economic results increased obviously. In 1984, the per capita productivity of state-owned industrial enterprises that implemented the independent accounting system rose by 27.45 percent over 1980, showing an average annual increase of 6.3 percent. The amount of profits and taxes turned out by every 100 yuan of funds increased by 51.46 percent over 1980, and the working funds for every 100 yuan worth of goods dropped annually.

CSO: 4006/18

PROVINCIAL AFFAIRS

BRIEFS

YUNNAN CARRIES OUT EXTENSIVE INSPECTION OF COMMODITY PRICES--In the first half of this year, our province carried out an extensive inspection of commodity prices and investigated and dealt with a large number of cases of violating commodity prices, which played an important part in curbing the unhealthy trend of indiscriminately raising prices, in protecting the interests of the state and consumers, and in guaranteeing reform of the economic structure and reform of prices. In the first half of the year, the province investigated and dealt with some 9,100 cases of violating commodity prices, 10 important cases each involved unlawful income of over 10,000 yuan. The total amount of money obtained after sanctions had been applied in all cases of violating prices throughout the province reached some 876,000 yuan, of which ill-gotten income of some 755,000 yuan was confiscated in accordance with the regulations of the state and some 112,000 yuan was returned to consumers. To curb still better the unhealthy trend of indiscriminately raising prices and to really stabilize market commodity prices, the commodity price inspection departments in all places must carry out a large-scale province-wide inspection of commodity prices around National Day. [Excerpts] [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 15 Sep 85 HK]

SHANDONG ADOPTS MEASURES TO FERRET OUT FAKE COMMODITIES--After the issuance of the Central Discipline Inspection Commission's "open letter" to the Jinjiang Prefectural CPC Committee and the prefectural Administrative Office and the issuance of the provincial Discipline Inspection Commission's "Emergency Circular on Strictly Investigating and Dealing with Those Who Manufacture and Sell Fake Commodities," CPC committees, discipline inspection commissions, and departments concerned at all levels have adopted resolute measures to vigorously check evil trend of manufacturing and selling fake commodities. Thus far, initial results have been achieved in this regard. The province has ferreted out 1,836 cases of manufacturing and selling fake commodities of which 1,300 cases have been dealt with. The province also ferreted out 154 varieties of fake and inferior medicines, valued at 1.96 million yuan, and many other fake commodities. By the end of July, in addition to fake and inferior medicines, the province ferreted out some 31,700 cartons of fake or moldy cigarettes, 377,700 jin of fake wine, more than 119,000 jin of inferior beer, 367,900 bottles of inferior beverages, 52,100 jin of moldy dairy products and cakes, 410 fake television sets, and other fake commodities. [Excerpts] [Jinan DAZHONG RIBAO in Chinese 29 Aug 85 p 1 SK]

SHANDONG URBAN-RURAL MARKET--During the period covered by the Sixth 5-Year Plan, urban and rural markets in Shandong Province have flourished as never before. It is estimated that this year the total provincial volume of retail sales will reach 29 billion yuan, a 100 percent increase over 1980. Thus far, all 41 provincial-second-class industrial products wholesale stations and all the 10 integrated meat plants have been transferred to the cities where these stations and plants are located. Now the province has some 187,000 catering, service and commercial shops in urban areas, with a total employment of 530,000 people. Each 1,000 urban dwellers have owned 4.8 commercial shops, a 70-percent increase over 1980. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 24 Sep 85 SK]

HUNAN COMMODITY EXCHANGE FAIR--At the first provincial goods exchange fair held in Changsha from 22 to 25 September, transactions of some 220 million yuan were concluded. The transactions for steel, pig iron, and nonferrous metals were much greater than expected. [Summary] [Changsha Hunan Provincial Service in Mandarin 2300 GMT 26 Sep 85 HK]

NEI MONGGOL COMMERCIAL DEVELOPMENT--As a result of the reform in the commercial structure, from 1983 commercial departments throughout the Nei Monggol Autonomous Region have witnessed a good situation of sustained, stable, and coordinated development. In 1983, the profits netted by commercial departments reached 27 million yuan; in 1984, this figure came to 32 million yuan; and in the January-August period of this year, this figure came to 42 million yuan, a 2.65-fold increase over the corresponding period in 1984. [Summary] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 22 Sep 85 SK]

GANSU DEVELOPS INDUSTRY--In 1984, Gansu Province had 3,097 industrial enterprises owned by collectives with some 110,000 workers. These enterprises possessed fixed assets of 467 million yuan with profits and taxes of 90.26 yuan. In the 3 years from 1982 to 1984, the gross industrial output value of the enterprises owned by collectives in the townships and towns throughout the province increased by an average of 15 percent a year. The gross industrial output value of all enterprises owned by collectives throughout the province in the first 8 months of this year reached 647 million yuan and was 243 million yuan more than in the same period last year. [Summary] [Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 22 Sep 85 HK]

CSO: 4006/18

AGGREGATE ECONOMIC DATA

BRIEFS

SHANDONG TOWN ENTERPRISES--Town and township enterprises have been developed continually, stably, and coordinatedly in Shandong Province. Comparing the first half of this year with that of last year, the number of town and township enterprises in the province increased by 6,700; employment by 140,000 persons; income by 75.8 percent; profits by 54.3 percent; and taxes by 43.1 percent. In 1984, the total income of town and township enterprises in the province was 17.3 billion yuan, accounting for 37.1 percent of the total provincial rural economic income. Total output value of industrial enterprises at the township and village levels was 9.8 billion yuan. Taxes delivered by town and township enterprises totaled 710 million yuan. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 22 Sep 85 SK]

CSO: 4006/11

ECONOMIC MANAGEMENT

LEADERSHIP OF 50 GUANGDONG PRIORITY ENTERPRISES REORGANIZED

HK260421 Guangzhou Guangdong Provincial Service in Mandarin 1100 GMT 24 Sep 85

[Text] The reorganization of the leadership groups of 50 large and medium-sized priority enterprises in the province has been completed. A great number of outstanding cadres who have political integrity, are relatively young, and have a high cultural level have been given leading posts in priority enterprises.

Since October last year, the 50 priority enterprises have selected some 146 outstanding young and middle-aged cadres to assume leading posts. About 45.3 percent of members of leadership groups of the enterprises are newly appointed. Their average age is 39.9. Over 90 percent of the new cadres have reached the cultural level of college student or higher.

The factory managers and CPC committee secretaries of the enterprises appointed in the reorganization are competent. The average age of the 50 factory managers is 43.9. All the factory managers have reached the cultural level of college student. They have been promoted either from deputy factory manager or from mid-level posts. The average age of the 50 CPC committee secretaries is 44.6. Of these 47 have reached the cultural level of college student or higher. Politically they are fairly mature. They have strong party spirit and are honest and upright in their ways. In the course of the reorganization, all areas have adhered to the principle of attaching importance to both the ability and political integrity of cadres. They have correctly handled the relationship between cadres' academic certificates and their real cultural level, and have judged cadres not only by their academic qualifications but also by their practical abilities. In reorganizing leadership groups all areas have paid attention to the rationality of the overall structure and brought into play the role of the whole leadership group.

CSO: 4006/15

ECONOMIC MANAGEMENT

GUANGDONG CREATES NEW RURAL ECONOMIC COOPERATIVES

HK250355 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 23 Sep 85

[Text] A new type of economic cooperative organization -- rural economic cooperatives -- has emerged in the (Bolian) district of Lingao county. Since the beginning of July this year, some 62 economic cooperatives have been set up in the district.

The rural economic cooperatives in the district have been set up in accordance with the spirit of this year's Central Document No 1 to further perfect the agricultural responsibility system. The cooperative, established by the masses themselves, is a collective organization. It is a rural grassroots organization under unified leadership and management with the prerequisite that the agricultural production responsibility system and the land contract period remain unchanged.

A rural economic cooperative generally takes a village as a unit. Each economic cooperative should have three to five cadres. The cadres of the cooperative committee should be elected by the masses in a democratic way. They should mainly be responsible for carrying out political and ideological-work among the masses, for communicating the party's policies and principles and for arranging production.

Since its establishment, the (Bolian) district economic cooperative has achieved remarkable results. The posts of cadres of the economic cooperative committee have been taken up by those who are honest and upright and wholeheartedly serve the masses. They have carried out their work boldly and brought into full play their role as members of the cooperative committee. In early August, they led the masses in overfulfilling this year's afforestation plan for the district by 1,000 mu. After fulfilling the task of transplanting the rice seedlings, the cadres of all cooperatives immediately organized the masses to collect green manure. By the end of August, the whole district had basically finished the first grass-weeding and top dressing for the intertilled crops. The crops are now growing very well.

CSO: 4006/11

ECONOMIC MANAGEMENT

GUANGDONG ADOPTS MEASURES TO HELP POOR AREAS

HK131333 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT
12 Sep 85

[Text] The province has adopted measures to help poor areas in getting rid of their backwardness.

Since the end of this year's summer harvest, the province has exempted poor rural areas and major grain-deficient areas from 290 million jin of rice in the state purchase quotas and exempted poor areas from 7 million yuan of agricultural tax.

Those areas which have been given help and preferential treatment include soil deficient and water-deficient limestone areas; minority nationality areas which have poor natural conditions and are culturally and economically backward; the old revolutionary base areas which were damaged during the period of revolutionary war; cold highlands with bad climatic conditions; and the poor new settlement areas inhabited by those who moved from areas where reservoirs are to be built.

To help these poor areas change their appearances at an early date, the provincial CPC Committee and government formulated a series of policies of preferential treatment at the beginning of this year. From this year on, these areas will be exempted from the agricultural tax for 5 years and enterprises there will be exempted from the income tax for 5 years. The system of unified and fixed state purchases of agricultural, forestry, animal husbandry, sideline, native and local products and all medicinal materials should no longer be applied. These products will be sold and purchased freely.

CSO: 4006/3

ECONOMIC MANAGEMENT

SHAANXI DEPUTY SECRETARY CALLS FOR LEARNING FROM MODEL MANAGER

HK041449 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 3 Sep 85

[Excerpts] The provincial CPC committee and government recently issued a circular on further learning from (Ma Shenli).

Li Xipu, deputy secretary of the provincial CPC committee, spoke on this topic, calling on leading cadres of provincial enterprises to respond to the call of the provincial CPC committee and government and strive to be good factory CPC committee secretaries, managers, and trade union federation chairmen of the (Ma Shenli) type so that more and more socialist enterprises can emerge in the province.

Li Xipu said that to invigorate Shaanxi and rapidly develop Shaanxi's economy, we need thousands of thousands of enterprises of the (Ma Shenli) type. It is therefore of great significance to launch the drive of learning from (Ma Shenli) throughout the province at present.

Comrade Li Xipu said that it is necessary to link the drive of learning from (Ma Shenli) with party rectification and the current central task of enterprises. CPC committees, relevant government departments, and trade union federations at all levels must do good propaganda and organizational work, discover and praise advanced examples in a timely manner, and promote their advanced experience. It is necessary to strengthen the inspection of units which have further questions and to help them solve their problems so that the drive of learning from (Ma Shenli) can develop in depth.

CSO: 4006/3

ECONOMIC MANAGEMENT

DISCIPLINE COMMISSION LAUDS PHARMACEUTICAL PLANT

OW141415 Beijing XINHUA Domestic Service in Chinese 1207 GMT 12 Sep 85

[Excerpts] Beijing, 12 Sep (XINHUA)--A note from the Central Discipline Inspection Commission reads as follows:

Right now, there are two different ways of doing things on the issue of how to invigorate an enterprise. One way is to take only into consideration the interests of one's own unit and one's personal interests and to ignore the overall interests even to the extent of engaging in fraudulent practices violating party discipline and state laws and of cheating the nation and harming the people. All this runs counter to the socialist orientation an enterprise must follow. We must resolutely oppose this way of doing things. Another way of doing things is to follow the example set by the Dongbei Pharmaceutical Plant by doing everything for the state and the people, abiding by party discipline and state laws, improving management, continuously raising technical standards, turning out high-quality but less expensive products, and protecting business reputations in order to achieve fine economic results. This way of doing things is correct. We must persistently pursue this way of doing things. Facts have proven that only by strengthening socialist spiritual civilization in the course of building socialist material civilization, can we help an enterprise flourish and make contributions to the state and the people. To achieve this goal, the enterprise leading group must display a strong party spirit and a fine party style. [end of note]

After the Dongbei Pharmaceutical Plant instituted the system under which its director assumes full responsibility last year, its leading group has always taken the overall situation into consideration, resolutely refused to carry out illegal practices, earnestly engaged in reforms, and relied on actual deeds to invigorate the enterprise.

Despite the keen competition on the market, the Dongbei Pharmaceutical Plant has won the battle by turning out high-quality but less expensive products and paying full attention to business reputation. It strictly enforces discipline in financial and economic matters, delivers profits to the state on time, and owes no state taxes. In marketing its products, it has never offered any commission to anyone or given dinner parties or gifts.

Right now, this plant is determined to further enliven the economy and make even greater contributions to the four modernizations program by strictly observing discipline and rectifying party style.

ECONOMIC MANAGEMENT

XIZANG CIRCULAR ON PROTECTING TRADEMARKS

HK131317 Lhasa Xizang Regional Service in Mandarin 1130 GMT 12 Sep 85

[Text] According to Xizang Ribao, the regional industrial and commercial administrative bureau recently issued a circular on banning the production and sales of counterfeit commodities. The circular urges the industrial and commercial administrative bureaus in various cities and counties to seriously go after criminals and to protect the interests of consumers.

The circular said: Recently, the region has discovered that some enterprises and criminals produce and sell counterfeit commodities to seek illegal profits. This has seriously infringed upon the interests of the masses.

In order to strengthen the supervision over trademarks, to resolutely ban the illegal activities concerning counterfeit commodities, to protect the interests of consumers and to ensure smooth progress in economic structural reform, the circular puts forward eight regulations:

First, according to the trademark law of the PRC, any person who owns a registered trademark approved by the trademark Bureau of the State Industrial and Commercial Administrative Bureau can enjoy the exclusive right of using his trademark. His right is protected by law and must not be infringed upon.

Second, all industrial and commercial enterprises or individuals are prohibited from producing and selling counterfeit commodities.

Third, anyone who produces and sells trademarks owned by other people, or who produces and does business with false trademarks is [words indistinct]. The industrial and commercial administrative bureaus at various levels should revoke the trademarks and commodities which infringe upon the exclusive right of the trademark and confiscate the illegal profits or levy fines on the parties concerned according to the seriousness of the cases. Serious cases will be passed on to the judicial organs for handling.

Fourth, those enterprises and individuals who have produced and sold counterfeit commodities must report voluntarily to the local industrial and commercial administrative organs. Otherwise, they will be seriously dealt with after investigation.

Fifth, all confirmed poisonous and harmful commodities should be promptly handled to the local authorities.

Sixth, when registering trademarks, the units concerned should be approved by the industrial and commercial administrative organs and must have a fairly high level of technology; all enterprises are prohibited from producing trademarks without the approval from the authorities.

Seventh, when producing trademarks, only the holders of trademarks can ask the units assigned by the industrial and commercial administrative organs to produce. Nobody is allowed to produce them without authorization.

Eighth, all departments, units and the masses are welcomed to report and expose the criminals' activities of producing counterfeit commodities, and false trademarks. Anyone who makes outstanding achievements will be commended and awarded.

CSO: 4006/3

ECONOMIC MANAGEMENT

GUIZHOU STATION COMMENTARY ON SELF-HELP THROUGH PRODUCTION

HK111048 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 10 Sep 85

[Station commentary: "Seriously Do Well in the Work of Helping Ourselves by Engaging in Production"]

[Text] Many places in the province have been stricken by natural disasters this year, causing great difficulties in the people's livelihood. For this reason, the party and government leadership at various levels in the disaster areas must regard as the central task the work of helping themselves by engaging in production. This plays an important role in promoting smooth progress in economic structural reform in both urban and rural areas, as well as the constant and stable growth of the national economy. Therefore, we must under no circumstances take the matter lightly.

Facing such great difficulties, various localities should seriously and comprehensively implement the national principle of providing for and helping ourselves by engaging in production, reduce own consumption so that supplies can go for fighting natural disasters, help each other and supplying the government with necessary relief goods. The masses and cadres must overcome the passive attitude of solely depending on the state. Rather, they should establish high aims and lofty aspirations of self-reliance and working hard for the prosperity of the country. In light of actual conditions, they should use local materials and look for new ways. They should pay attention to consumption. In addition, they should grasp firmly the next four months, the critical and most important this year. At present, they should grasp firmly autumn and winter production, grow summer grains and rapeseed well and grow more early-maturing crops. At the same time, they should greatly develop industrial and sideline production, and try all means to improve the economic income of peasants. They should strive to minimize the reduction of income despite the fall in output, so as to alluviate the difficulties caused by natural disasters.

CSO: 4006/1

ECONOMIC MANAGEMENT

BRIEFS

YOUTHS BACKBONE OF CONSTRUCTION--The nearly 60,000 youths who came to Xinjiang from Shanghai, Tianjin, Wuhan, Jiangxi, and Zhejiang to support the construction of border areas in the early 1960's have now become the backbone of the construction of the Xinjiang production and construction corps. According to incomplete statistics, of the 60,000 youths, more than 8,000 have assumed leading posts at the corps, divisional, regimental, or company levels or have become accountants, teachers, doctors, or other professionals. Nearly 10,000 of them have been awarded such titles as advanced workers, model laborers, March 8 red banner pacesetters, and new Long March shockworkers. Many of them have been elected people's deputies or CPPCC committee members of prefectures, autonomous prefectures, or the region. [Text] [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 25 Sep 85 HK]

CSO: 4006/15

FINANCE AND BANKING

SICHUAN HOLDS REPORT MEETING ON FINANCIAL WORK

HK171305 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 15 Sep 85

[Excerpts] The target of the province's financial work for this year is to maintain a balance between revenue and expenditure; the province's liquid financial resources should not be less than those of last year; and the focus of the current financial work is to tap more financial resources while reducing expenditure. This was a demand raised by the provincial CPC committee on financial departments at a recent report meeting on financial work.

The province did a relatively good job in implementing its financial budget from January to August. By the end of August, the province had fulfilled 76.66 percent of the province's annual plan for financial income. Nevertheless, the province's financial resources are, on the whole, weak.

The focus of the province's current financial work is to tap more financial resources while reducing expenditure. In this respect, it is necessary to mainly grasp the following two things:

1. It is necessary to conduct a financial examination and to collect all monies which should be collected. Those who seriously violate provincial and economic discipline should be dealt with severely.
2. It is necessary to strengthen business management, to further perfect rules and regulations inside enterprises, to tap potentialities of enterprises, and to arouse the enthusiasm of staff members and workers for developing production. Leaders of all enterprises should upgrade their business management skills so as to increase financial income in a basic way.

CSO: 4006/7

FINANCE AND BANKING

SICHUAN INCREASES REVENUE, SEES GROWTH IN TAX REVENUE

HK240651 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 21 Sep 85

[Text] Having a good situation with regard to industrial and agricultural production, the province has achieved a steady growth in revenue and tax collection. From January to August this year, the gross industrial output of the province was 20.9 percent more than that of the same period last year.

Rural industrial readjustment has been under way and the commodity economy has developed further. Therefore the income of the peasants has improved. Compared with the same period last year, the selling prices of social commodities were increased by 23.8 percent. Following the adoption of a relaxed attitude towards pricing pork, vegetables, and grain, the market became more stable and the circulation was further invigorated. The province has fulfilled 76.6 percent of this year's revenue plan, an increase of 21.9 percent over the same period last year. On expenditure, the province has fulfilled 54.5 percent of this year's plan.

Though the province's present state of industrial and agricultural production, as well as the situation of revenue and tax collection is a good one, the provincial financial department's responsible person stressed that the province's financial situation remained very tight. Therefore, the province as a whole must strive to balance the revenue and expenditure. The present focal point of the province's financial and tax departments is to tackle the task of developing sources of revenue, cutting expenditure, and plugging loopholes. Through strengthening their supervision, they should make progress in the current full-scale examination of revenue and tax collection. They should also be strict in checking expenditures, in order to increase the revenue, cut the expenditure, and further develop the province's good situation.

CSO: 4006/8

FINANCE AND BANKING

SHAANXI TO INSPECT TAX COLLECTION, FINANCIAL WORK

HK190822 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 17 Sep 85

[Excerpts] The Provincial Government will send some 200 cadres in a few days to all prefectures and cities to help them carry out a large-scale inspection of tax collection, financial work, and commodity prices. Yesterday afternoon, Vice Governor Sun Kehua and provincial government adviser Liu Bangxian delivered mobilization speeches to the comrades who are about to go down.

The Provincial CPC Committee and the Provincial Government have attached great importance to this large-scale inspection of tax collection, financial work, and commodity prices in the whole province and have set up a special leadership group with Vice Governor Sun Kehua as the group head. At present, large-scale inspection offices at all levels have been set up one after another and some of them have started work.

Yesterday afternoon, the Provincial Government held a provincial mobilization rally on the large-scale inspection of tax collection, financial work, and commodity prices. In his speech, Vice Governor Sun Kehua demanded that all places, departments, and units must grasp this large-scale inspection as a current central task, must grasp it firmly and well, and must score achievements. It is necessary to link this large-scale inspection with the second stage of party rectification now being carried out and to teach the cadres and the masses to strengthen their concept of the legal system and their viewpoint of the overall situation, and to teach them to vigorously support the large-scale inspection. The problems discovered by the inspection must be solved. Money which should have been collected must be recovered and the responsibility which should be investigated and affixed must be resolutely investigated and affixed. Through this inspection, it is essential to further put all regulations and systems on a sound basis and to perfect them. It is imperative to resolutely change the past situation in simultaneously curbing tax evasion and evading taxes and simultaneously inspecting and committing irregularities.

CSO: 4006/8

FINANCE AND BANKING

OFFICIAL SPEAKS ON TAX COLLECTION WORK

SK140510 Shijiazhuang HEBEI RIBAO in Chinese 2 Sep 85 p 1

[Excerpts] At the provincial tax work conference which ended on 1 September, Vice Governor Hong Yi said in his speech that we should collect taxes in strict accordance with the law, penetrating conduct inspection on tax collection and tax affairs, strengthen the management and collection of taxes, and strive to overfulfill the tax target for this year.

Hong Yi said: In recent years, a big change has taken place in our province's tax work. From 1982 to 1984, our province overfulfilled the tax targets continuously, making three big steps in 3 years. Since the beginning of this year, we have continually maintained a good situation. By the end of July, in terms of comparable standards, the province had already fulfilled the annual tax target by 67.4 percent, a 27.3-percent increase over the corresponding period last year. The province's achievements in tax work have been commended by some leading comrades of the State Council and by the Ministry of Finance and the state bureau on tax affairs. However, the loopholes in tax revenue and tax evasion are still very serious. In particular, as an important economic lever, the task for the future tax work will be very arduous. We should correctly understand the dialectical relationship between the invigoration of the economy and the strengthening of tax collection. We should persist in levying taxes according to law, and strictly implement the state policy and decrees on tax collection. Should we find a regulation on tax work unsuitable for the practical situation in some aspects in the course of implementation, we will change it after conducting investigation and study, asking the higher levels for instructions, and accepting the approval from higher levels. No unit or individual should change or refuse to implement the tax laws without authorization.

Hong Yi pointed out: The provincial People's Government has decided to launch an in-depth inspection on tax collection and tax affairs throughout the province from this September to the coming Spring Festival period. The strength and impetus of this inspection should be greater than the inspections of the past. The work should be meticulous and better results should be achieved. In this inspection, we should strive to increase more than 100 million yuan of revenue for the state.

Hong Yi stressed that we should further strengthen the management of tax revenue, and actually eliminate loopholes in tax revenues. By the end of this year, we should provide tax collectors (groups) for all large and medium-sized enterprises, establish tax supervision groups in all medium-sized cities. Meanwhile, all individually run industrial and commercial units should use the unified account books. Those which refuse to use the unified account books should not be allowed to engage in business, and their business licenses should be cancelled by the industrial and commercial administrative departments. At the same time, we should establish the system of reporting to tax departments on tax delivery, and the methods for managing inventory lists. If an individually run industrial or commercial unit refuses to report to tax departments on tax delivery, it will be regarded as tax evasion and will be forced to pay the overdue fine.

Hong Yi said in conclusion that we should further strengthen the leadership over the financial and tax work. People's governments at all levels should list the financial and tax work as an important item on their agenda, and each should designate one leading comrade to grasp this work. Cadres with both ability and political integrity and with a pioneering spirit should be selected and promoted to the post of director of tax bureau at each level. Cadres of various district and township tax offices under the city and county levels should mainly be managed by the city and county tax bureaus, and the political and ideological work of various district and township tax offices should be managed by themselves. Those localities which have a shortage of tax collectors should strive to fill it up. By the end of this year, 800 tax collectors should be provided for various localities. We should educate the existing tax collecting cadres with ideals, morality, culture, and discipline in order to enable them to consider the overall interests, to be brave in carrying out reform, to abide by discipline and law, to honestly perform their official duties, and to collect taxes according to law without practicing favoritism. All departments should vigorously support the tax work.

CSO: 4006/8

FINANCE AND BANKING

NEI MONGGOL HOLDS FINANCIAL, TAX WORK CONFERENCE

SK270212 Hohhot NEIMENGGU RIBAO in Chinese 12 Sep 85 p 1

[Excerpt] From 2 to 8 September, the regional finance department held a regional financial and tax work conference to relay the guidelines of the national financial and tax work conference, to examine the fulfillment of the January-July revenue and tax collection tasks, and to study ways to increase revenue and cut expenditures in the last few months of this year and achieve a balance in the region's revenue and expenditures.

The conference noted: Thanks to the attention of party and government leaders at various levels, our region has achieved good results in its financial and tax work this year. By the end of July the revenue of the region had reached 613.08 million yuan, amounting to 70.2 percent of the revenue estimate made at the beginning of this year and, in terms of comparable standards, an increase of 28.9 percent over the same period last year. Of the sum, industrial and commercial taxes totaled 602.34 million yuan, amounting to 65.3 percent of the estimate and an increase of 30.1 percent over the corresponding period of last year. Expenditures totaled 1,665,-540,000 yuan, accounting for 62.4 percent of the expenditure estimate made at the beginning of this year and showing a 13.7-percent increase over the same period last year. The industrial production of the 12 leagues and cities of the region showed fairly steady growth and maintained a simultaneous increase in production, sales and profit. The general financial situation is good. However, there are still some problems. First, due to the increase in the price of raw materials, production costs of some industrial enterprises rose, which has affected their income. Some trades failed to reduce their deficits. Second, financial expenses in the last few months of this year will become more strained, and some localities and departments have asked for additional expenditures. Capital construction expenses increased too rapidly and administrative funds have not been reduced. The wage reform will be carried out in a comprehensive manner, expenses for winter heating are fairly great, and some localities have not recovered from the damage caused by disasters. Third, tax evasion by enterprises is rather serious.

In an effort to achieve a balance between revenue and expenditure in our region and contribute to the elimination of the 3 billion yuan deficit of the country, the conference set forth some necessary measures we should take in the next few months in order to increase revenue and cut expenditures.

We should exert great efforts to organize for the collection of revenues, mobilize all tax cadres to go all out to collect all the taxes that should be collected in a timely manner and, after fulfilling this year's tax collection task, collect 60 million yuan more.

We should strictly control expenditures. This year the region's expenditures should be brought under 3.23 billion yuan.

CSO: 4006/15

FINANCE AND BANKING

HEILONGJIANG TAX CONFERENCE ENDS 21 SEPTEMBER

SK250735 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 21 Sep 85

[Text] The provincial conference on tax work concluded on 21 September. It urged localities throughout the province to do a good job in realistically grasping tax revenues this year.

The conference pointed out: The current problems on tax evasion and violations of the financial and economic disciplines are quite rampant. Some cases in this regard are very serious. These cases which run counter to the law and discipline not only seriously affect the implementation of the state law and orders on tax revenues and cause the reduction of state incomes from financial revenues, but also interfere in the drive of conducting reforms, corrupt cadres, and undermine party style and social morale. Therefore, we must begin carrying out general inspections over tax revenues in order to block tax evasions.

The conference stressed that tax departments at all levels must put the tax revenue work on their important schedule and carry out the work in a down-to-earth manner. They should earnestly implement the policies on tax revenues and, in line with the tax law, resolutely unite the policies with the new tax provisions. In dealing with the cases of tax evasions, we should levy taxes again, ask for the owed funds, and impose fines in line with the new provisions. The evaded taxes exposed in the cases should be levied immediately and the owed funds and fines should be collected without any deduction and exemption and without any delay of the paying date. Efforts should be made to integrate the general inspection with the work of levying taxes in the peak season, to do a good job in storing the ordinary levied taxes, and to vigorously curtail the old tax debts and prevent new ones. We should vigorously conduct management over major tax resources and firmly and strictly grasp the fragmentary ones in order to ensure the smooth fulfillment of tax revenue plans.

Liu Zhongli, vice governor of the province, attended and addressed the 21 September provincial conference on tax work.

CSO: 4006/15

FINANCE AND BANKING

HUNAN FINANCIAL WORK CONFERENCE ENDS 9 SEPTEMBER

HK161530 Changsha Hunan Provincial Service in Mandarin 2300 GMT 14 Sep 85

[Text] At the provincial conference on financial work which concluded in Changsha on 9 September it was demanded: It is necessary to work hard to achieve a balance of revenue and expenditures in the province this year, to strive for surpluses, and to contribute toward balancing revenue and expenditure in the whole country.

At the conference it was held: The situation in our province's finances in the first 8 months of this year was good. However, the increase in our province's revenue was still smaller than the national average level, while the increase in expenditures was larger than the national average level. In the coming several months, our province will have more factors for the reduction of revenue. This will affect revenue to a great degree.

It was demanded: Financial departments at all levels throughout the province must grasp work in the coming several months firmly and well and must strive to ensure that the revenue for the year will exceed 200 million yuan. They must support enterprises in order to increase the production of marketable products, and enliven the circulation of commodities, and must help and support the enterprises to improve management and to reduce consumption of raw materials so as to reduce industrial costs and charges for the circulation of commodities. All tax departments and affiliated organizations must guarantee that all taxes will be promptly put into the treasury.

The conference emphasized that the key to a financial balance lies in practicing economy and controlling expenditure. It is necessary to prevent expenditure at the end of the year, to do well in tax collection and large-scale financial inspection, to strictly enforce financial discipline, and to resolutely curb unhealthy trends.

Chen Bangzhu, provincial CPC Committee Standing Committee member and vice governor, and Vice Governor Yang Huiquan, attended the conference and spoke.

CSO: 4006/7

FINANCE MINISTRY BANS ILLEGAL FESTIVAL BONUSES

OW070618 Beijing XINHUA Domestic Service in Chinese 1136 GMT 5 Sep 85

[Text] Beijing, 5 Sep (XINHUA)--The Ministry of Finance recently issued a circular calling on all localities to take measures to prevent issuance of bonuses in cash or kind and allowances on the occasion of festivals.

The circular says: In the second half of this year, reform of the wage system will be fully carried out, and consumption funds will fairly increase. At the same time, there will be two festivals, the Mid-autumn Festival and National Day, one in September and the other in October.

Leading comrades of the state council have instructed that in view of last year's experience which saw indiscriminate issuance of bonuses and allowances and, on festival days, of moon cakes, non-staple foods, and other things, all localities, departments, and units must pay attention to taking precautionary measures to effectively prevent rapid increase of consumption funds and ensure market stability.

Based on the opinions of leading comrades of the State Council, the Ministry of Finance has formulated a 4-point regulation:

1. On the issuance of bonuses, allowances, and subsidies, all localities, departments, and units must abide by state policies and systems. Administrative organs, enterprises, and institutes shall not issue bonuses, allowances, or subsidies to staff and workers without authorization under the pretext of it being a festival, nor shall they provide staff and workers with articles free or at low prices using public funds to subsidize them. Moreover, they shall not hold banquets or give away gifts at government expense. Illegal distribution of the welfare fund by concocting various pretexts or by other illegitimate means must be absolutely prohibited.
2. Except for unified issuance of uniforms according to standard stipulations and with the approval of the State Council, administrative organs, enterprises, and institutes are not allowed to provide staff and workers with uniforms at government expense or issue them cash in lieu of uniforms. No region or department has the authority to make their own decision regarding uniform issuance.

3. Violations of the above regulations will be dealt with as violations of financial and economic discipline. Economic punishment and even disciplinary action will be imposed on persons directly responsible, depending on the seriousness of the case. At the same time, responsibility will be affixed on concerned leading cadres if investigation results warrant.
4. Leading cadres at all levels must take the lead and be models in implementing the above regulations. Financial, auditing, and labor and personnel departments at all levels must tighten their supervision and inspection and immediately deal with any problems when discovered. Banks at all levels must strictly control the cash, make careful checks, and categorically refuse to pay for any illegitimate expenses.

CSO: 4006/7

FINANCE AND BANKING

FINANCIAL CONFERENCE CALLS FOR CONTROLLING EXPENSES

SK200053 Shijiazhuang HEBEI RIBAO in Chinese 6 Sep 85 p 1

[Excerpts] The provincial financial work conference, which concluded on 5 September, demanded that all prefectures and cities exert great efforts to organize steps for collecting revenue and strictly control expenses focusing on balancing the national budget, and to fulfill this year's financial tasks comprehensively in the last 4 months of this year.

The conference pointed out: Our province has achieved fairly good results in the financial and tax work since the beginning of this year. However, our achievements still lag far behind the demands of the situation. The economic efficiency of enterprises is still not high, the trend of increase in cost and deficits has yet to be changed, wastes of income are still large, and the administrative expenses have yet to be curtailed. To fulfill this year's financial tasks comprehensively is a very arduous job. In the next 4 months, all prefectures and cities should work continuously and, focusing on balancing the national budget, make great efforts to organize steps for collecting revenue. Financial administrative departments and departments in charge of financial affairs should actively work in coordination with pertinent departments to conduct an all-round analysis of the production of enterprises. They should render great support to readily marketable products so that more such products can be produced and sold and more income created. They should exert great efforts to organize steps for the sales of products in stock. They should also timely readjust unsalable products in line with market situations. They should actively help enterprises in technical transformation, facilitating the projects for tapping potential and for renovation and transformation, which are under construction, to make them go into production and yield returns as soon as possible. They should resolutely stop all projects without any prospects. In the meantime, they should support the development of township enterprises. They should vigorously help enterprises improve the economic responsibility system, popularize the system of quota and cost control, strengthen economic accounting, and reduce costs.

The conference urged: When distributing the general expense quota assigned to our province by central authorities for this year, all prefectures and cities should not exceed the figures worked out by the province and the expense budget worked out by various levels and departments, but should make proper arrangements according to the financial situations of various

units and strive to spend the money which should be spent within the limited quotas. They must exert efforts to save money being wasted and nonessentially spent. From now on, all prefectures, cities, and counties should not increase their expenditure budget. When exceptional conditions demand, they should also make allocations within the limit of the original budget.

CSO: 4006/8

FINANCE AND BANKING

GUANGDONG HOLDS CONFERENCE ON FINANCIAL DISCIPLINE INSPECTION

HK161518 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 14 Sep 85

[Text] Yesterday evening, the provincial people's government held a telephone conference to make arrangements for carrying out a large-scale inspection of financial and economic discipline within the province during the period from the end of September to the end of this year. Tax collection, financial work, and the curbing of indiscriminately levying charges, indiscriminately raising prices, and indiscriminately imposing fines will form the main contents. It was demanded that leaders at all levels regard it as an important task at this time in the economic sphere, that they seriously attach importance to this, and that they do well in grasping it.

Leading comrades including Wang Ning, Zeng Dingshi, and Yang Deyuan spoke at the conference. In his speech, Vice Governor Yang Deyuan said: In this large-scale inspection, it is necessary to first grasp leading organs at all levels, because the occurrence of many problems is closely related with the guiding ideology of the leading organs. In the economic sphere, all unlawful practices, including tax evasion, withholding profits, indiscriminately apportioning costs, indiscriminately issuing bonuses, subsidies, and materials, graft, theft, and offering and accepting bribes, must be investigated. In particular, the enterprises not covered by the budget must be seriously inspected and dealt with. Regarding charges and fines, all fines, all fines and charges formulated by all prefectures and departments themselves which exceed the limits set by the state and the provincial government must be investigated and corrected. In regard to indiscriminately raising prices, it is essential to stress inspecting the prices of grain, oil, meat, vegetables, drinks, and other foods which have a close connection with people's lives. We must also inspect the prices of durable consumer goods which are in short supply, the prices of color television sets, refrigerators, and name brand bicycles, and the prices of important means of production, such as rolled steel, automobiles, cement, chemical fertilizers, and petroleum. It is imperative to inspect the situation of illegally selling list priced materials covered by the budget as materials not covered by the budget at negotiated prices. In addition, it is necessary to inspect speculation in foreign exchange. In particular, it is essential to stress inspecting and dealing with the foreign exchange gained from illegally selling automobiles and foreign goods in Hainan.

FINANCE AND BANKING

HAINAN BEGINS EXAMINATION OF FINANCIAL DISCIPLINE

HK190407 Haikou Hainan Island Service in Mandarin 0400 GMT 18 Sep 85

[Excerpts] Yesterday afternoon the Hainan Regional People's Government held a meeting of responsible persons and financial personnel of provincial organs, enterprises and institutions to mobilize and arrange a thorough examination of financial and economic discipline throughout the region concentrating on taxation and financial work, and on correcting the mal-practices of arbitrarily charging others, increasing prices, imposing fines, and apportioning expenses. The meeting demanded that leaders at all levels treat the examination as the prime issue in the economic field, attach great importance to it, and firmly grasp it.

Comrade Meng Qingping, deputy secretary of the Hainan Regional CPC Committee and principal responsible person of the regional government, delivered a speech at the meeting.

Also attending the meeting were the Haikou mayor and the heads and finance office directors of all counties in Han nationality areas who are now attending the Hainan regional forum on finance and trade.

Comrade Meng Qingping first relayed the spirit of the telephone conference specially held by the provincial CPC committee and government on conducting examination of financial and economic discipline.

He said that the instructions of the central leadership and the provincial authorities on conducting financial and economic discipline examination fully correspond with Hainan's practical situation. We must earnestly implement the instructions.

Comrade Meng Qingping said that since the CPC Central Committee and the State Council issued a document on speeding up development and construction of Hainan in 1983, the region has achieved results in all fields. However, as the regional CPC committee and government failed to earnestly study and deeply understand the document, had impure party style and party spirit, and failed to resolutely implement the party's policies, they made the serious mistake of importing and illegally reselling a vast amount of vehicles and other goods in the second half of last year.

Comrade Meng Qingping said that as seen from the facts which have been exposed, the region made a serious mistake in executing financial and economic discipline. If we fail to act upon instructions of the higher leadership and fail to resolutely solve this problem, it will not only adversely affect the implementation of economic laws and regulations such as taxation and reduce state revenues, but will also disrupt reform, corrupt cadres, corrupt party style and social values, and seriously impede Hainan's development and construction.

On the scope and requirements of the examination, Comrade Meng Qingping said that according to the stipulations of the State Council, state-run enterprises are the main target of the examination. State-run institutions, administrative organs, collective-run enterprises, and individual operators must also undergo the examination. The content of the examination is to check illegal activities in financial work and taxation, such as evading taxes, retaining profits without authorization, arbitrarily apportioning costs and issuing bonuses and material objects, engaging in corruption, stealing, and offering and accepting bribes. It is also necessary to seriously check the malpractice of arbitrarily increasing prices, charging fees, imposing fines, and apportioning expenses.

Comrade Meng Qingping said that the examination starts now and will end before next year's spring festival. The examination should first be conducted in leadership organs at all levels. With problems in leadership organs solved, the problems at low levels will be easily solved.

Comrade Meng Qingping said the five requirements should be met at the end of the examination.

1. Financial and economic situations should have basically been made clear.
2. That the discovered problems should have been handled according to the relevant regulations.
3. The taxes and profits due for payment should have been submitted to the state. All recoverable monies should have been recovered.
4. The malpractice of arbitrarily charging fees, increasing prices, imposing fines, and apportioning expenses should basically have been halted.
5. Cadres, staff members, and workers should have been educated and have strengthened their sense of rule by law.

CSO: 4006/8

FINANCE AND BANKING

BRIEFS

TAXES, FINANCE, PRICES INSPECTED--The Jiangxi Provincial and Nanchang City Governments jointly held a mobilization meeting at the 1 August auditorium on the afternoon of 25 September for a general inspection of tax, financial, and price conditions in the Nanchang area. Nearly 2,000 responsible persons of related provincial and Nanchang city departments, corporations, factories, and mines as well as leading financial and accounting cadres attended. The meeting was presided over by Nanchang Mayor (Chen Andong). Jiang Zhuping, member of the Standing Committee of the Jiangxi Provincial CPC Committee and vice governor of Jiangxi, made an important report. He said: Problems involving leading cadres at all levels uncovered during the inspection should be handled according to regulations without sparing anyone's feelings. At the same time, protection must be provided to those who expose problems. No retaliation against them is allowed. Heavier punishment must be imposed on those who retaliate. (Hou Zhaoyan), leader of the State Council work group for general inspection of tax, financial, and price conditions, attended and addressed the meeting. [Excerpts] [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 25 Sep 85 OW]

TAX INSPECTION--A State Council work group has arrived in Shanghai to help the city conduct a general inspection of tax, financial, and price conditions. Leading members of the municipal government and the municipal leading group for general inspection of tax, financial, and price conditions have briefed the State Council work group on how the city implemented the State Council's circular on conducting the general inspection. Beginning this week, the State Council work group will visit some districts, counties, corporations, and large and medium-sized enterprises to familiarize itself with conditions there and solicit opinions and ideas. [Text] [Shanghai City Service in Mandarin 1100 GMT 24 Sep 85 OW]

GUANGDONG REVENUE--Guangdong Province has overfulfilled its quota for revenue this year by 0.6 percent, 100 days ahead of schedule. According to the statistics compiled by the provincial finance department, by the middle of September, the province's revenue had reached 5.08 billion yuan, which was 1.01 billion yuan more than in the same period of last year. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 27 Sep 85 HK]

TAX, FINANCIAL INSPECTION MEETING--Yesterday morning the tax and financial inspection leading group under the provincial government held a mobilization

meeting, calling for fully understanding the importance of tax and financial inspection and for properly and earnestly carrying out the inspection. Provincial Vice Governor Guo Zhenqian delivered a speech at the mobilization meeting. He pointed out that in the current inspection, we must not only examine problems in tax collection and financial work, but must also examine problems in price and foreign exchange control. We must examine not only enterprises, but also administrative organs and institutions. We must examine not only enterprises owned by the whole people, but also collective-run enterprises and individual industrial and commercial operators. We must adopt both methods of general examination and spot checks to conduct inspection and correct defects. We must deal with all discovered problems either leniently or severely. The vice governor stressed that during the four festivals in the course of the inspection, namely, Mid-Autumn Festival, National Day, New Year's Day, and Spring Festival, it is necessary to take effective measures to prevent arbitrary issuing of bonuses, allowances, and material objects. [Excerpt] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 24 Sep 85 HK]

GUANGDONG GIVEN APPROVAL TO ISSUE BONDS, LOANS--The People's Bank of China, the Agriculture Bank of China, and the Industrial and Commercial Bank of China have given approval for the province to issue bonds worth 238 million yuan and to grant special loans of 238 million yuan to solve the current shortage of funds in the province. The bonds will be issued by the Agriculture Bank of China and the Industrial and Commercial Bank of China to urban and rural individuals. The funds raised will be wholly used as special loans to town and township enterprises and collective-run urban enterprises. There are three denominations of bonds--20 yuan, 50 yuan, and 100 yuan. The interest rate is 9 percent per annum. The bonds will mature after 1 year. At maturity, both the principal of the bonds and interest will be repayable. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 17 Sep 85 HK]

GUANGDONG GRANTED LOAN FOR ECONOMIC DEVELOPMENT--The general office of the People's Bank of China has granted a special loan of 73 million yuan to Guangdong Province to speed up the economic construction of special zones and coastal cities in the province. Of the loan, Guangzhou is to be granted 43 million yuan, Zhuhai 18 million yuan, and Shantou 12 million yuan. The provincial office of the People's Bank of China has received the loan and granted it to the areas in mid-September. This special loan will be used mainly in the construction of the special zones, the economic development of the coastal cities, and basic urban facilities. The provincial office of the People's Bank of China will exercise special control over the loan and will release the loan portion by portion according to the economic results of the projects and the progress in using the loan. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 16 Sep 85 HK]

TAX EVASION IN GUANGDONG--From last year to the first half of this year, the Guangdong Provincial Tax Bureau discovered that taxes amounting to some 127 million yuan had been evaded. The bureau has recovered taxes of some 84 million yuan and has put them into the treasury. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 13 Sep 85 HK]

SICHUAN ISSUES CIRCULAR ON EXAMINATION OF TAXATION, FINANCIAL WORK--On 13 September the provincial planning committee issued a circular demanding that planning committees at all levels, in cooperation with the relevant departments, do a good job of examination of taxation and financial work. The circular demanded that planning committees at all levels earnestly study the circular of the State Council and the Central Discipline Inspection Commission; fully understand the important role of the examination in safeguarding the interests of the state, in strengthening the concept of rule by law, in ensuring the smooth progress of the reform of the economic system, and in improving party style and social mood; and closely cooperate with the relevant departments to make the examination a success and to ensure the implementation of the circular of the State Council and the Central Discipline Inspection Commission. [Excerpts] [Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 15 Sep 85 HK]

CSO: 4006/8

MINERAL RESOURCES

STATUS OF PROSPECTS FOR MINERAL GEOLOGY RESEARCH IN CHINA

Beijing ZHONGGUO DIZHI [CHINA GEOLOGY] in Chinese No 5, 13 May 85 pp 11-14

[Article by the Special Commission on the Geology of Mineral Deposits, Chinese Geological Society: "The Current Situation and Prospects for Research on the Geology of Mineral Deposits in China"]*

[Text] The geological conditions of mineral formation in China are complex and varied and there are many types of mineral deposits. These are extremely favorable conditions for developing research on mineral deposits. Through a great deal of effort by vast numbers of personnel engaged in mineral deposits work over the past 30-plus years, a large amount of information has been accumulated and a number of scientific research achievements at rather high levels have been published that are playing an active role in mineral product development and in guiding surveys for minerals and prospecting.

High evaluations have been received from scholarly circles in China and abroad. The geology of mineral deposits is a field of study among the various disciplines in the geological sciences that has a high degree of comprehensiveness and strong applicability. Confined to current levels of science and technology in China and the new concepts, new contents and other actual conditions brought to the study of mineral deposits by rapid scientific and technical development, development of the geology of mineral deposits in China still does not meet the needs of national plans, the people's lives and scientific and technical development. Compared with advanced levels abroad, the disparity in some areas remains rather great, and there must be new deployments and even faster development.

I. The Current Situation in Development of the Geology of Mineral Deposits in China

Research on regularities of mineral formation for some types of minerals (this article does not include fuel mineral products), mineral deposits and mineral

* Based on deliberations during the Third National Mineral Deposits Conference held at Chengdu at the end of April 1984 with headings added and slight supplementation.

formation zones in China approach or exceed advanced international levels. Examples include summarization of the regularities of mineral formation in Nanling and nearby tungsten mineral deposits in China (especially the demarcation of "five-storey" zones), causes of mineral deposit formation and distributional regularities of tin-sulfide mineral deposits in Yunnan's Gejiu and Guangxi's Dachan, mineralization characteristics and regional distributional patterns for mercury are deposits, analysis of regional mineral formation and integration with mineral formation of iron ore in China, mineral formation models for porphyritic iron ore, mineral formation characteristics of contact metasomatic iron ore, mineral-controlling regularities of pre-Cambrian siliceous ferruginous-formed iron ore folded structures, regularities of distribution and mineral formation for uranium ore in China, regularities of mineral formation for rare earth mineral deposits related to pegmatite in Xinjiang, regularities of mineral formation for mineral deposits of dolomitic-oboritic iron, fluorine, rare earths and niobium (tantalum), regularities of mineral formation for several primary types of copper ore deposits, research on regularities of mineral formation for various porphyritic nonferrous metal ore deposits and strata-controlled lead-zinc mineral deposits, formational conditions of saline mineral deposits in clastic rock systems in China, formational and depositional regularities for Sinian-Cambrian phosphorous ore in eastern China, classification of various primary types of sulfur mineral deposits and their regularities of mineral formation, mineral formation characteristics of gypsum ore and salt lakes in Xizang and Qinghai and other topics.

Some research results in China in the area of theories on mineral formation have been generally acknowledged internationally to be at rather high levels. Examples include research on diagensis and mineral formation of granite in southern China, mineral formation models for the tungsten, tin, beryllium, niobium and tantalum ore deposits related to granite, theories on mineralization characteristics during the Yanshan period in China and on the saline formation environment in the deep basins in the Ginghai-Xinzang plateau and high mountains in China, research on mineralization of strata-controlled mineral deposits in recent years and theories concerning the characteristics of regional mineralization and periods of mineralization in eastern China. Research on the regularities of mineral formation for the primary mineralization regions (zones) and on a group of large mineral deposits in them is at advanced world levels. Large numbers of research achievements have been evaluated highly by experts and scholars at the 26th and 27th International Geological Conference in 1980 and 1984, at the International Scholarly Report Conference to commemorate the 60th anniversary of the founding of the Chinese Geological Society in 1982, at the "Scholarly Symposium on the Mesozoic and Cenozoic," at the "Sixth International Symposium on Metallic Ore Deposits," at the "International Symposium on the Relationship Between Granite Geology and Mineral Formation" (1982), at the "International Symposium on Pre-Cambrian Crustal Evolution," (1983) and at the "International Tin Ore Symposium" (1984). These facts show that the major achievements in research on mineral deposits in China have attracted international attention and acknowledgement.

Compared with industrially and technologically developed nations, however, China still lags far behind. This is manifested in quite a few areas, the primary ones being:

1. Obvious disparities in basic research on mineralization theories. Advances in electronic technologies and progress in research on aerial prospecting, deep-sea surveys, deep exploratory drilling, geophysics, geodesic structures and pre-Cambrian geology have provided many new theories on mineral formation. Examples include research on the formation and evolution of the planets and the moon, which have provided crustal evolutionary characteristics and on the relationship between magmatic evolution and element evolution and rich accumulation throughout geological history; sea-bottom data, precision depth measurements of oceans and information gained through deep-sea exploratory drilling, which led to the emergence of the theory of plate tectonics; and monitoring of volcanic eruptions in recent years and long-term research on vulcanism, which has effectively demonstrated the "shallow magma chamber" model of magma activity. The integration of research on geo-thermodynamics and theories of plate structures has developed an understanding of the spatial and temporal regularities of mineral formation and of the mechanisms of creation and new concepts of metamorphosis. An understanding of the two-level mantle now is gradually replacing the concept of a single mantle structure. More and more information indicates that geological roles are continuous and that mineralization is intermittent, and so on. These new data and new concepts now are changing traditional theories and concepts of mineralization. Research in this area is just what we lack, however. The discovery of enormous nappe structures and nappes and the formation of decollement structures or separated structures by "scoop-shaped fractures" are directly related to the formation of mountain systems, to analysis of platforms and geosynclines and to research on mineralization and on the regularities of mineral deposit distributions. China has retained its traditional concepts at the present time, however, and research has just begun. Manpower and material resources also are very weak and the differences are apparent.

2. Our field of vision in research on regional regularities of mineral formation and on forecasts of mineral formation is very narrow and the degree is rather low. Research done in foreign countries on mineral deposits is coming more and more to focus on global comparisons and comprehensive forecasts, and is moving toward deep areas. Examples include the proposal of a mineralization model for porphyritic copper ore, which has promoted mineral exploration work for porphyritic copper ore in all nations. Australia has found large phosphorus deposits, large copper and uranium deposits and diamond deposits. The U.S. has discovered platinum and palladium deposits. All were discovered through international comparisons. The monumental work "Strata-Controlled Mineral Deposits and Bedded Mineral Deposits" is just this type of global comparison, and it summarizes regularities of mineral formation as a model for guiding mineral exploration. The intensification of mineral exploration work has caused research on mineral deposits and forecasts of mineral formation to become oriented toward deep global development. The State Planning Commission in the Soviet Union convened a deep global research and super-deep exploratory drilling conference in 1982. It proposed that research be done on regions of mineralization and zones of mineralization and on the relationships between deep structures and regularities of mineralization in strata of structure above them. Deep-hole geological and geophysical monitoring has been used to study crustal cross-sections in typical mineral zones at depths of 5 to 7

kilometers and the vertical distribution of endogenetic mineralization. Very little existing research in China has been done at depths in excess of 1 kilometer, however.

3. There still are major differences in the application of new technologies and new methods in research on mineral deposits. Foreign countries now are using a large amount of remote sensing, controllable seismic focus seismic depth measurement methods and super-deep drilling to study the basement of continents, deep structures, subsidence zones, horsts, buried basins, magmatic aggregates, and mineralization and evolution of diagenesis; to prove earth chemistry characteristics and mineral content parameters; to use applied nuclear physics and other types of physical element analysis and field physical instrument testing data, and utilization of constant quantities of discriminant lithogenetic element components to search for minerals; and to understand the qualities and formational causes of fluids (bittern, connate water and natural gas), and to understand thermal currents in the slow movements of fluids in rock and regularities in the movement of fluid convection and the organic material associated with fluids for research on hydrothermal mineralization. There now have been established 500 large geological data bases in the world that store a large number of records on mineral deposits and producing mines. In the micro view, foreign countries have adopted analysis using electronic computers to control high sensitivity, high resolution ratio and automated instruments to replace traditional chemical analysis; for micro-regional, micro-amount and minute structural analysis to examine ore deposits; and measurement of natural isotopes (including inert gases) and rare earth elements to solve problems related to mineralization. Examples include the use of changes in He /He ratios to determine whether or not volcanic rock came from the mantle, the use of Lu /Hf decay reactions in combination with Sm-Na isotopes to study the origin of basalt, the use of Be isotopes to study recycling of sediments in island-arc subduction, O isotopes to detect the degree of mixing of crustal material in continental magmatic rock coming from the mantle, the use of H isotopes to study the qualities and formational environment of fluid material in the Archaeozoic, the use of Ar -Ar for direct measurement of the age of pyrite ore, and so on. All of these have not been developed sufficiently in China.

4. Research work for technical and economic evaluation of mineral deposits in research on mineral deposits is weak and there are rather large disparities. All nations of the world pay close attention to technical and economic evaluation in research on mineral deposits. Analysis of mineral product resources and rational utilization of mineral deposits has become an important aspect of research on mineral deposits in foreign countries. The nations of the West carry out research on mineral deposits in conjunction with technical and economic evaluation during exploration for mineral products, and they focus on studies of the economic results of resources during every stage of work in mining regions. The U.S. not only requires precise evaluation of the location, quality and quantity of future mineral product resources, but also integrates estimation with economic modelling of resource demand to serve in formulation of resource policies and economic development plans. The Soviet Union also stresses economic evaluation of mineral deposits geology for research on

mineral deposits and focuses on improvement of the results of exploration for mineral products and degree of resource utilization, and they pay attention to economic benefits. For a long time, China has not paid enough attention to research on the economic benefits of mineral deposits. Research work concerning the economics of mineral deposit geology is weak and there is a lack of systematic analysis of national mineral product resources of all types. There is rather poor integration of research on forecasts of mineral formation and prediction of prospective resources. Basically, there is only qualitative analysis, no quantitative analysis. The degree of resource utilization in China is rather low at the present time and there is substantial waste of resources in producing mines. According to statistics from related departments, the utilization rate of mineral product resources in China is only 50 to 20 percent that in the primary mineral product nations of the world. There are few workers in the geology of mineral deposits in China who study the formational reasons of mineral deposits and regularities of mineral formation. There are even fewer people who study the technical economics of mineral deposits, ore and mineral products, and there is a lack of scientific analysis and foresight for the factors that affect domestic demand and international markets.

5. There is a lack of multidisciplinary comprehensive personnel in mineral deposits geology research staffs and there are rather large disparities in intellectual structures. The rapid development of basic disciplines and advances in extraction, dressing and metallurgical technologies have directly influenced understanding of the regularities of mineral formation and resource development and utilization, resulting in continually increasing demand for mineral deposit scholars to have broad knowledge and an ability for a high degree of comprehensive analysis. Some mineral product workers in advanced foreign nations not only have specialized knowledge in geology, the study of mineral deposits and other areas, but also are very familiar with economics, extraction, geochemistry and geophysics.

They closely integrate field and laboratory work to do research and they have opportunities to participate in and observe mineral deposit geology at home and abroad, and to participate in scholarly activities or in international exchanges. In order to adapt to the rapid development of science and technology, all countries have paid a great deal of attention to the importation of research achievements in other disciplines into the geology of mineral deposits. Some geological scientific research units in the U.S. and the Soviet Union have recruited experts in related disciplines to participate in research on questions in geology. We should draw lessons from all of this.

II. Prospects for the Year 2000

In analyzing disparities and looking into the future, we should strive to bring the study of the geology of mineral deposits in China into the advanced ranks of the world and adopt effective measures to accelerate development in the following main areas:

1. Do intensive research on typical mineral deposits in China and on basic geology and mineral formation in primary mineralization regions (zones), summarize information obtained throughout the process of mineral product surveys,

prospecting and mineral deposits extraction, establish mineralization models and systems, and improve the results of mineral exploration, especially in the area of raising levels in the search for blind deposits and deep concealed deposits. Research on typical mineral deposits and ore zones is the developmental foundation of the geology of mineral deposits. This is especially true of producing mines with a long history, and it is a valuable basis for development of research on mineral deposits. Attention to research in old mining regions and old ore zones and mineral exploration is a generally acknowledged worldwide direction. It also is a route with the most obvious results and should be the primary target of future research on mineral deposits and mineral exploration. The establishment of mineralization models and systems is an outline of the theory of mineral formation and experience in mineral exploration, and it is a guide for directing mineral product surveys. As the degree of mineral exploration improves, there will be an increasing proportion of newly discovered blind deposits and deep concealed deposits in mineral deposits. Large mineral deposits discovered in foreign countries in recent years have been buried at depths of 330 to 1,000 meters. For this reason, research on mineral formation environments, mechanisms of mineralization, regularities in the spatial and temporal distribution of mineral deposits and controlling factors to summarize mineralization models will continue to become an important route for deriving real benefits in research on mineral deposits. We must carry out intensive research in a planned and step-by-step manner in such areas as the Nanling tungsten deposits, the Dachan and Gejiu tin deposits, mercury deposits in Hunan and Guizhou, nonferrous metal deposits in southern Hunan, northern Guangdong and northern Guangxi, iron ore in eastern Hubei and eastern Hebei, the Jinchuan nickel deposits, rare metal deposits in Xinjiang, gold ore, uranium ore, construction materials and large-scale chemical industry mines in Shandong, and in mineralization zones in Nanling, the middle and lower reaches of the Chang Jiang, central Shandong, Anben, central Nei Mongol, Tian Shan, Qilian Shan, Qinling, Kangdian, Taixing Shan and other areas. China should come up with a group of research results at advanced world levels in primary mineral regions and important mineral products (such as tungsten, antimony, molybdenum, rare earths and so on) by the year 2000.

2. Strengthen research on the regional regularities of mineral formation, carry out national and global analysis and comparison of the regularities of mineral formation, further develop large and medium scale regional forecasts of mineral formation, and improve levels of understanding of the regularities of mineral formation and the capacity to make forecasts for mineral exploration. The search for blind deposits, deep concealed deposits and hard to distinguish mineral deposits will become a primary goal in the future, which will require the development of research and forecasts concerning regional regularities of mineral formation. Canada has gone through a process of "direct mineral exploration" in surveys for mineral products, which shows that the development of mineral exploration technologies must be integrated with research and forecasts of regional regularities of mineral formation before it can play an effective role. The use of the regularities of mineral formation to predict regions of mineralization and to select the best target areas for mineral exploration and the use of advanced prospecting technologies to improve the results of mineral exploration is a common key question in all nations in the present day as well as the direction of future development. In the future, China should strive to

strengthen forces and measures in research on the regional regularities of mineral formation, expand the scope of research, do global comparisons and utilize systems methods to make qualitative and quantitative forecasts. A set of national forecast maps for primary mineral types and primary mineral zones or regions should be compiled, including forecast maps of concealed mineral deposits and forecast maps of marine mineral deposits. Concentrate on research concerning the regularities of mineral formation and directions for mineral exploration in the Protozeroic system in China. For example, using the base points in areas with rather high degrees of research such as Yimen-Dongchuan, Huili, Zhongtiao Shan and Dolomite-oborite and other Protozeroic strata-controlled mineral deposits and in central Yunnan, Langshan in Nei Monggol and the Changbai Shan region in Liaoning and Jilin, integrate points and planes, make comprehensive comparisons of new achievements in the Protozeroic systems in northern and southern China with large-scale Protozeroic mineral deposits in foreign countries, and explore regional regularities of mineral formation and mineral exploration prospects for copper, iron, rare earths, gold, uranium, lead, zinc and so on, and strive to make new breakthroughs in mineral exploration work.

3. Systematically summarize research results concerning China's primary mineral deposits, develop basic theoretical research, import new technologies, new methods and new theories in the realm of research on mineral deposits, develop testing and experimentation techniques and equipment, and perfect and create theories on mineral formation. History has shown that theories on mineral formation profoundly influence progress in research on the study of mineral deposits and mineral product exploration work. We should quickly import, digest and improve the utilization results of basic theoretical research achievements and new theories concerning mineralization and all new technologies and new methods from foreign countries. Within China, scholars who study mineral deposits also should actively participate in aerial, underground and marine scientific investigations and basic theoretical research. We should develop research on Xizang's Yangbajing and Yunnan's Tengchong hot springs, on bacterial mineral formation in Xizang's salt lakes, on mineral formation in hot springs in all areas, on mineral formation in shallow sea waters and other contemporary mineralization. We should drill deep holes in typical mineral regions and important mineral zones, and we should use seismic profiling for research on deep geology. We should strengthen research on the dynamics of lithogenesis and mineral formation, research on the formation conditions of typical mineral deposits, and research on mineralization systems and on solid and quantitative mineralization models. We should develop intensive research on magma origins, mineralization structures and mineral sources and evolution. Based on the characteristics of mineral formation geology in China, make use of the daringness of China's geology workers to create new traditions of excellence and intelligence and skills and the superiority of the socialist system, and strive to create the corresponding theories of mineral formation within this century.

4. Pay attention to research on the economic results of mineral deposits. On the basis of research concerning regularities of mineral formation and principles of mineral exploration, strengthen research on the technical economics of mineral deposits and research work on mineral deposits in producing

mines. We should begin by strengthening survey evaluation and strengthen economic evaluation work and study technical policies and methods for evaluation of mineral deposits and mineral products suited to China's economic system. There should be urgent research concerning China's resource characteristics and trends in resource supply and demand. There should be joint research with related departments concerning mineral industry policies to make use of China's resource advantages. We should make great efforts to strengthen research on the geology of mineral deposits in producing mines. Research on forecasting mineral formation should be integrated with resource analysis and quantitative predictions to compile various types of quantitative evaluation maps for mineral product resources. Strengthened research concerning comprehensive development and comprehensive utilization of mineral products not only can permit rational utilization of resources and increase socioeconomic benefits and economic incomes of enterprises, but also can reduce environmental pollution and deepen understanding of the regularities of mineral formation for mineral deposits.

5. Apply new techniques and new achievements for mineral product surveys and mineral product utilization, explore new types of mineral deposits and new sources of mineral products, continually expand research on mineral deposits, mineral product exploration and spheres of resource utilization. Following progress in ore extraction, dressing and metallurgical technologies, development of mineral exploration and testing technologies, and the need to meet continually-growing demand for mineral deposit resources, research on mineral deposits and realms of exploration should develop gradually from the ground surface to underground, from shallow strata to the depths, from the continents to the sea, from high-grade minerals to low-grade minerals, from solid minerals to liquid minerals, and from traditional raw materials to newly emerging raw materials. In order to meet the challenges of the new technical revolution and meet the revolution in materials sciences, we should strive to strengthen research on mineral product raw materials, especially in exploration for certain ferrous metal mineral products to seek out new uses for mineral products, new types of mineral deposits, new types of minerals and new sources of mineral products. We should gradually strengthen research concerning utilization of sea-bottom and seashore mineral deposits. Development of volcanic rock mineral deposits and continental shelf sand minerals will become an important direction for meeting the needs of national plans and the people's livelihood, for making use of resource advantages and for rapid improvement of economic results. Strengthened research in this area is of great real significance and enormous potential.

6. Strengthen personnel training and improve knowledge structures. We should begin with university education, strengthen the content of education in the basic sciences and in basic knowledge of geology, and specializations should not be excessively narrow. Strengthen education in electronic computers and foreign languages, and improve the ability of student foundations and their ability to participate in work after graduation. Strive to improve educational levels in institutions of higher learning and expand the ranks of graduate students. Do good work in training employed technical personnel, improve the utilization and training of technical personnel, and permit rational circulation of personnel.

MINERAL RESOURCES

BRIEFS

SHENZHEN MINERAL RESOURCES--In Shenzhen City, 23 kinds of minerals, including wolfram, manganese, aluminum, coal, marble, limestone, crystal, and mineral water, have now been discovered. Some 60 ore deposits and ore points of rare metals and non metals have also been discovered. Shenzhen City abounds in limestone, marble, and mineral water. The reserves of limestone exceed 100 million tons and the reserves of marble exceed 100 million cubic meters. Regarding the mineral water verified in the city, 100,000 tons can be extracted each year. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 22 Sep 85 HK]

CSO: 4006/7

INDUSTRY

INDUSTRY PLAGUED BY BOTTLENECKS, INEFFICIENCY

Stockholm DAGENS NYHETER in Swedish 4 Sep 85 p 16

[Article by Goran Leijonhufvud: "Despite Punch Clocks and Model Workers... China's Industry Is Running at Half Speed"]

[Text] - The Chinese industrial worker is roughly one-fifth as effective as his Swedish colleague. The reasons for this are many:

- Job security and the fixed wage scales which have been in effect up until very recently. There has been no profit in working any harder.
- Electrical power shortages which force many factories to close for several days a week.
- The lack of applied technology. In one factory some of the work can still be performed purely by hand while other steps in the production process are performed on an assembly line. Bottlenecks arise and large portions of the work force are left idle.

"Discipline is not always the best," says Kang Ruixiang, who is a department head at the Snowflake refrigerator factory. The young workers have their wages docked and are sent to courses in diligence, orderliness and organization.

According to the company management's internal report, which DAGENS NYHETER was allowed to see, the situation was especially serious during the second quarter of 1984. "Young workers on new production lines were wasteful with material... productivity decreased and the quality of our products was threatened."

"The poor discipline of our young people today is connected with the Cultural Revolution," says department head Kang. Since 70 percent of the workers are under 30 years of age, they could have been influenced by the dissolution which occurred from 1966-1976, he feels.

However, the biggest problem facing Chinese factories is not discipline, but slow work tempos and low productivity. The rate at which work proceeds is quite slow, even in a modern factory such as the refrigerator

plant. That the workers can be more effective is evident in the fact that they believe that they can almost double their production this year.

Semiautomatic

The Snowflake refrigerator is made by a combination of manual work and assembly line practices, often side by side. The hydraulic presses are semiautomatic, the two women stand and receive the plates. Other workers stand and file them by hand.

In the final phase workers put the smaller components into place on a conveyor belt assembly line, which spits out a refrigerator every other minute. Some workers have time to sit around the wait after they perform their particular operation, while others must work the entire time.

Chinese Worklife

The Chinese workers are roughly one-fifth as effective as Swedish workers on the same job, according to a group of Swedish industrial leaders who toured a steelmill in Wuhan a few years ago.

There are many reasons for the slow work pace which prevails in most Chinese factories. Job security and the fixed wage scales which have been in effect until quite recently are factors. There has been no profit in working harder. The people are comfortable anyway.

At the same time, there is an excess of workers. There is therefore no powerful driving pressure to make production more effective.

Also, the workers do not eat a diet which is sufficient to allow them to maintain a fast work pace.

New Phenomenon

Factory work in general is a fairly new phenomenon, except for places such as Shanghai and Tinajin. At the same time, most of the countries 400,000 factories have been around long enough to be considered antiquated.

There is also an energy shortage. Because demand is so high, the refrigerator factory could work overtime. But they do not, because there is not enough electrical power.

Other plants which produce lower priority goods must shut down one or more days a week due to the lack of sufficient electrical power. Foreign economists have calculated that one out of every four machines in Chinese industry is standing still.

A student who had had work experience at an engine plant in Tianjin gave DAGENS NYHETER some insights. The factory had to cut back production by 50 percent because of bottlenecks elsewhere, but the entire workforce remained employed. Many days the work stations were shut down to save electricity.

The management was constantly finding new activities for the workers, from field trips to study courses. During one period the workers were shown a movie once a week during working hours just to kill time. For the last two weeks of the year all of the employees were given time off with full pay.

Compensation

Our friend worked in a group with six others. Despite the fact that there was not enough to do, the foreman was an expert at organizing things in such a way that they had to work at inconvenient times or on certain holidays--thereby being richly compensated with extra time off or pay bonuses.

Similar experiences were reported by a woman who works at a service station east of Peking. The station usually fills its monthly work quota in just three weeks. The fourth week is time off (with full pay). On these weeks she refrains from sending her son to day care, preferring to stay at home with him.

Even if a factory can operate fulltime, the workers are seldom able to. This is because the preparation of food in China is so complicated. Many workers stand in food lines on their breaks and come back late.

At a quarter to eleven, i.e. 15 minutes before the lunch break begins, we notice a movement towards the canteen at the refrigerator factory. The better courses, containing meat, don't usually go too far. After they have received food on their trays they start to eat immediately as they walk from the canteen to find a stool or something to sit on. (There are no tables or chairs in this canteen.)

Naps

Most of the Chinese try to get a nap as well. "Xiuxu," the afternoon rest, is an almost universal phenomenon in China. The lunch break has been shortened to just an hour for everyone in Peking, in order to increase productivity.

The earlier two-hour lunch break was too long. It gave the workers an opportunity to sleep for so long that they couldn't really fully awaken again for the rest of the afternoon.

The reason why the Chinese need this rest is that many of them live so closely quartered that they can't get enough sleep at home. The entire society awakens early. The starchy food also takes a long time to digest after lunch.

The lunch siesta is also related to the habits of farmers. Most of the city-dwellers are second or third generation farmers who have moved into the city, and they still retain some of their farming habits.

At eleven thirty peace descends over the refrigerator plant. One can then make a study of an infinite number of variations in sleeping places and postures. A few of the younger workers prefer to play poker.

"We play for cigarettes. One day we got so wrapped up in playing cards that our foreman threatened to take away our bonuses if we continued to play during working hours," reports a student who works at an engine factory.

"We must change our way of looking at time," cried columnist Tong Gang in the CHINA DAILY.

"We have never considered time from an economic standpoint, and we have been wasting it pointlessly: prolonged construction times, endless meetings and meaningless conversation. All of these things show how little value we place on time. 'Manman lai' [don't hurry, take it easy] is an expression we use so often that no one questions it," he writes.

Courses

How is the management at Snowflake dealing with the slow work tempos and lack of discipline? All younger employees are ordered to take week-long courses on the theme "Love our country, love the factory."

"There they receive training in discipline, quality requirements and worker safety. New employees must go for a whole month," says Kang Ruixiang.

"We can also punish the undisciplined. Every month from three to five workers have their wages docked."

The reason can be that they are not paying attention to the time, or that their work has been sloppy.

Last year there was an apprentice who lost all of his bonuses for the entire year. He started a fight with a coworker.

"Actually it was Lille Liu, the son of a 'ba lu jun,'" said Wang Ming in the office. This means that he was the son of a one-time revolutionary, which is anyone who fought in the Communist armies during the '30s.

The government has put two weapons in the hands of the company management.

The first is that the workers receive a variable wage, the amount of which depends upon the job they perform, their initiative and the company's success.

The other weapon is the opportunity to fire people. (More on both of these weapons in the next article.)

The punch clock is another measure adopted by the company management during the critical second quarter of last year. The clock is imported from Japan.

Model Workers

A time-tested and possibly worn out method is to point out model workers. Right across from the punch clock at the entrance to the plant is a board which the workers hurry past. On it are pictures of all of the reigning model workers in the various departments of the plant.

These model workers receive wage benefits. However, not everyone seeks to be a model worker, since they are often targets of coworker envy, if not outright ridicule.

"It still happens that people tease the model workers," said Wu Hanmin, vice chairman of the Youth Alliance in Shanghai when I interviewed him. Why is this?

"For one thing, other workers fear that their work quota will go up if a model worker joins their group. People also often feel that it is stupid to invest so much time and energy on the job that free time can't be utilized. People who do this are called 'shagua', or 'fools'."

According to the WORKERS' DAILY in Peking, this envy of prominent persons is a remnant from feudal times. The paper also writes that worker egoism rises during times of political and ideological relaxation.

8954

CSO: 3650/337

INDUSTRY

LIAONING TELEPHONE CONFERENCE ON INDUSTRIAL PRODUCTION

SK171135 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 16 Sep 85

[Text] On the evening of 16 September, the provincial People's Government held a telephone conference on the industrial, communications, financial and tax work. At the conference, Vice Governor Zhu Jiazen, on behalf of the provincial People's Government, called on the broad masses of workers and staff members across the province to immediately go into action, carry forward the spirit of rebuilding our homeland through our own efforts, try every possible means to overcome difficulties, develop production and practice strict economy, make great efforts to increase production and income, and strive to remedy the agricultural losses caused by disasters with industrial production.

Since the beginning of last summer, our province has been hit by serious flooding, waterlogging, and rainstorms and hailstorms in succession. The economic losses caused by these natural disasters this year have seldom been seen in history. At present, the pressing task facing the people throughout the province, the vast number of workers and staff members on the industrial and communications front in particular, is to do our best to make up the losses caused by disasters with increased industrial production and income in order to ensure the fulfillment of the original annual targets for the industrial and agricultural output value and the financial revenue. Meanwhile, we should strive to increase industrial production and revenue in this disastrous year in order to support the disaster areas to rapidly restore their production and rebuild their homeland.

After affirming the achievements scored by the people throughout the province in combating and tiding over disasters, and making an analysis of the favorable and unfavorable conditions for increasing the industrial production and income in the future, Zhu Jiazen set forth some major tasks to which we should attend. He pointed out: All aspects of economic work should be aimed at combating disasters and providing for and helping ourselves by engaging in production. In the second half of this year, the growth rate of industrial production should increase by 11 percent over the corresponding period last year. The annual growth rate of industrial production should increase by 13 percent over last year. In the second half of the year, the profits and taxes delivered by industrial enterprises

and the profits delivered by the local state-run enterprises should increase by 3 percent over those in the first half of the year. All enterprises should vigorously increase the production of semi-finished products and practice economy in order to support disaster areas and the light industrial markets. We should vigorously increase the production of light industrial products and consumer goods for daily use in order to invigorate the urban and rural markets. We should organize energy production well in order to ensure industrial and agricultural production and the livelihood of the people in both urban and rural areas. We should give prominence to providing disaster areas with fuel for daily use. We should strictly control the scale of capital construction projects, and appropriately pool manpower and material resources to ensure the completion of key projects. We should conduct an extensive inspection on the quality of products and on the enforcement of financial and economic discipline. All enterprises should mobilize their workers and staff members to increase production and practice economy. In this disaster year, we should carry forward the spirit of working arduously and running enterprises industriously and thriftily, develop production, and support disaster areas.

The provincial CPC Committee and the provincial People's Government believe that the vast number of workers and staff members throughout the province, who have a glorious tradition, will certainly overcome difficulties indomitably, and win a new victory in combating and tiding over disasters, providing for and helping ourselves by engaging in production, and increasing production and income.

CSO: 4006/1

INDUSTRY

JIANGXI'S JAN-AUG INDUSTRIAL PRODUCTION RISES

OW241433 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 22 Sep 85

[Text] Since the beginning of this year, industrial workers in Jiangxi have earnestly implemented the central leading comrade's instruction that Jiangxi's economic development should be somewhat faster than the national average. Under the leadership of the provincial CPC committee and the provincial government, they have paid close attention to economic results, production of consumer goods for daily use, product quality, and energy conservation; and worked in a down-to-earth manner, thereby maintaining a sustained and steady growth in all aspects, and ensuring simultaneous increases in output values, taxes, and profits.

Jiangxi's industrial production from January to August this year showed five outstanding characteristics:

1. Industrial production rose in a steady and sustained manner, with an average monthly growth of over 30 percent. From January to August, the province's total industrial output value was 10.799 billion yuan, up 34.1 percent from the same period last year. The growth of light industry was 36 percent, higher than the 32.3 percent of heavy industry.
2. Good results were made in the production of consumer goods for daily use. Of the 45 kinds of products subject to inspection and evaluation, the output of 40 kinds increased over the previous year. Among them, dairy products, canned foods, sugar, salt, rice monosodium glutamate, wine, and flour increased by 21 to 150 percent. Knitting wool, polyester fiber, yarn, silk products, and garments increased by 10 to 27.3 percent. Electric fans, cameras, sewing machines, wristwatches, tape recorders, and TV sets increased by 63.1 to 250 percent.
3. New progress was made in the development of village and town industry. From January to August this year, the total output value of village and town industry in Jiangxi was 1.83 billion yuan, topping the same period last year by 96.9 percent. The structure of village and town industry also underwent profound changes. Industrial establishments run by a household or several households in joint operation, which has been the emphasis of village and town industrial development this year, have gradually boosted their production each month. As of the end of August, their growth was 240 percent higher than the same period last year.

4. Products were readily marketable. Capital turnover quickened. From January to August, income from the sales of products of those enterprises that are included in the state plan increased by 31.4 percent. Capital used on finished products manufactured each month was only 3.2 percent more than the same period last year. Turnover time of fixed-amount circulating fund was reduced to 112 days from 132 days of last year. Turnover of fixed-amount circulating fund was 15.2 percent faster.

5. Economic results further improved. The rate of steady increase in the quality of major industrial products, and the rate of steady decline in material consumption in Jiangxi were 81.3 and 72.1 percent respectively. Taxes and profits generated by each 100 yuan of output value, and those generated by each 100 yuan of revenues from sales increased over the same period last year by 2.65 and 1.36 yuan. Output value, and taxes and profits delivered by budgetary enterprises topped the same period last year by 22.2 and 41.9 percent respectively. The province's financial revenues rose by 40.2 percent.

CSO: 4006/18

INDUSTRY

BRIEFS

YUNNAN INDUSTRIAL PRODUCTION--From January to August this year, Yunnan Province's gross industrial output value was 7.96 billion yuan, recording an increase of 17.4 percent over the same period last year. Of that figure, the light industrial output value increased by 17.9 percent and the heavy industrial output value increased by 17 percent. [Summary] [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 13 Sep 85 HK]

NEI-MONGGOL LIGHT, TEXTILE INDUSTRY--In the first 7 months of 1985, the value of the light and textile industrial output of Nei Monggol Autonomous Region increased by 22.48 percent over the corresponding period of last year. Of the 64 major products covered by the regional plan, the output of the 49 products increased over that of the corresponding 1984 period. According to statistics, in the January-July period of 1985, the sales volume of the 1,347 light and textile industrial enterprises of the region reached 1,195.79 million yuan, an increase of 33.89 percent over the corresponding period of 1984. The profits realized by these enterprises reached 75.5 million yuan, an increase of 83 percent over the corresponding period of last year. Simultaneously, a large number of money-losing light and textile industrial enterprises had turned losses into profits. [Summary] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 2 Sep 85 SK]

CHEMICAL INDUSTRY MINISTER MAKES INSPECTION TOUR--Qin Zhongda, minister of Chemical Industry, recently came to our province to investigate the chemical industry. He stressed: To develop the chemical industry in Shaanxi, it is necessary to give play to the local advantages and to tap the potential of the existing enterprises. Qin Zhongda went successively to 18 factories, mines, and scientific research units in 5 prefectures and cities, comprising Yulin, Yanan, Weinan, Xianyang, and Xian to carry out inspection and to give guidance to their work. He put forward some views and suggestions on the development of the chemical industry in our province. Qin Zhongda also pointed out: The chemical industrial enterprises are facing a very arduous task of technological transformation. They must make use of the equipment which can be utilized. [Excerpts] [Xian Shaanxi Provincial Service in Mandarin 1130 GMT 13 Sep 85 HK]

XINJIANG INDUSTRIAL ENTERPRISES--Urumqi, 26 Sep (XINHUA)--The Xinjiang Uygur Autonomous Region will no longer face a shortage of glass, thanks to a new plant southwest of Urumqi, the regional capital, that will produce 800,000 standard cases of plate glass a year. It joins the region's 66 large and medium-sized industrial enterprises that cover petroleum, coal, power, metallurgy, machinery, building materials, chemicals, textiles, food-processing, nonferrous metals, leather, pharmaceuticals, and chemical fertilizer. These enterprises have been located for best effect to help form the base for Xinjiang to become a self-sustaining economic area. Located in the northwest border area, this Uygur autonomous region had a poor industrial base in the early 1950's. Now the region has 4,300 factories and output value last year accounted for over half of the total for industry, agriculture and animal husbandry. [Text] [Beijing XINHUA in English 0711 GMT 26 Sep 85]

FUJIAN ELECTRONICS INDUSTRY--Fuzhou, 20 Sep (XINHUA)--Annual output value of Fujian Province's electronics industry reached 1 billion yuan in 1984, 8 times more than in 1980, according to information provided at an electronics fair which opened here this week. The province's electronic products are now being sold to more than 20 countries and regions including Britain, France, the United States, Italy, Canada, and some Middle-eastern countries. Altogether, 31 kinds of products have been given awards for quality by the Ministry of Electronics and the province over the past 25 years, and 69 prizes won for scientific research in the field. The electronics industry was in its infancy in Fujian in 1980. It developed rapidly with the help of foreign investment and technology. Now a complete electronics industrial system is taking shape in the province, including research and development, production, quality control, and personnel training. [Text] [Beijing XINHUA in English 0324 GMT 20 Sep]

SHANDONG INDUSTRIAL OUTPUT--Since 1981 when we began the Sixth 5-Year Plan, Shandong Province has conducted more than 6,000 technical transformation projects in some 20,000 industrial enterprises. The newly added output value reached over 11 billion yuan and the newly added profits and taxes reached 2.2 billion yuan. At present, the province's total industrial output value is ranked fourth in the country. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 16 Sep 85 SK]

YUNNAN INDUSTRY--In recent years all autonomous prefectures in the province have vigorously developed industrial production, and continuously raised economic efficiency. The total industrial output value of 8 autonomous prefectures for 1984 was 1.61 billion yuan, an increase of 59.1 percent over 1981. The profits and taxes achieved by industrial enterprises in all autonomous prefectures increased from 123 million yuan in 1981 to 277 million yuan in 1984. [Summary] [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 26 Sep 85 HK]

QINGHAI INDUSTRIAL PRODUCTION--According to the data provided by the Qinghai Provincial Financial and Economic Committee, the province's gross industrial output value from January to August this year was 1,206 million yuan, accounting for 70.9 percent of the quota for the whole year. It was 18.3 percent more than in the corresponding period of last year.

[Summary] [Xining Qinghai Provincial Service in Mandarin 2330 GMT 14 Sep 85 HK]

SICHUAN INDUSTRIAL PRODUCTION INCREASES--The gross industrial output value of Sichuan Province from January to August this year was 29.3 billion yuan and the amount of profits and taxes and the amount of income from sales were 24 percent and 21 percent respectively more than in the same period last year.

[Summary] [Sichuan Provincial Service in Mandarin 0030 GMT 25 Sep 85 HK]

HUNAN INDUSTRIAL PRODUCTION--The Hunan Province's gross industrial output value in the first 8 months of this year was 17.5 billion yuan, recording an increase of 18.8 percent over the same period last year. Output of important industrial products, including steel, iron, chemical fertilizers, and cement, greatly increased. [Summary] [Changsha Hunan Provincial Service in Mandarin 1100 GMT 22 Sep 85 HK]

NEI MONGGOL TEXTILE INDUSTRIES--The textile industrial front of the Nei Monggol Autonomous Region has made marked progress in production. During the period from January and August, the front realized more than 577.7 million yuan in its total output value, accounting for the 75.2 percent of the annual plan and a more than 29-percent increase over the figure of the corresponding 1984 period. [Excerpt] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 13 Sep 85 SK]

CSO: 4006/18

DOMESTIC TRADE

TIANJIN: MEETING DISCUSSES COOPERATION IN BAOHAI ECONOMIC CIRCLE

SK250758 Tianjin TIANJIN RIBAO in Chinese 13 Sep 85 p 1

[Excerpts] A 5-day meeting to discuss cooperation in the Baohai economic circle recently ended in Dalian.

The participating delegates unanimously held that with the unceasingly deepening of the development of China's reform and of opening to the outside world, the establishment of lateral economic ties among the five open cities of Dalian, Qinhuangdao, Tianjin, Yantai, and Qingdao will play a big role in promoting the economic development and the practice of opening to the outside world in China, particularly in the northern region.

During the session, delegates reached specific agreements on the intention of jointly developing and coordinating with one another in economic and technological cooperation, coastal waters transportation, tourism, and the circulation of information and commodities. They also exchanged opinions on some 700 cooperative items. The meeting discussed in particular the issue of developing coastal waters transportation and clarified the direction for joint development. Through consultations, all delegates unanimously agreed to establish a committee to coordinate the communications and transportation in the Baohai economic circle.

At the meeting, through consultation, delegates from the tourist departments decided to carry out international tourist and inter-regional tourist information exchange and to establish closer cooperation in training tourist personnel and in opening exhibition sales of tourism products. In addition, they also decided to establish a tourist cooperation society in the Baohai economic circle.

In order to promote the research work of the Baohai economic circle, the participating delegates unanimously agreed to establish an association for the development in the Baohai economic circle.

Attending the meeting were more than 70 persons from the five open cities of Dalian, Qinhuangdao, Tianjin, Yantai, and Qingdao, and from the relevant departments.

CSO: 4006/19

DOMESTIC TRADE

BRIEFS

TRADE FAIRS--China's country and city trade fairs are thriving. According to statistics compiled from 206 rural and 70 city trade fairs, the country's trade fairs has so far reached 3.333 billion yuan this year. [Beijing in Mandarin to Taiwan 1500 GMT 2 Sep 85 OW]

CSO: 4006/19

FOREIGN TRADE AND INVESTMENT

SHANDONG JANUARY-JULY FOREIGN CAPITAL UTILIZATION REPORTED

SK260152 Jinan DAZHONG RIBAO in Chinese 12 Sep 85 p 1

[Text] Our province achieved new progress in foreign capital utilization and technology import. From January to July, 97 agreements on foreign capital utilization were signed, and the total amount of utilized foreign capital was 240 percent more than in the corresponding period of last year.

Our province's work of foreign capital utilization this year has the following characteristics:

The pace to absorb direct investment from abroad has been accelerated. The province has approved establishment of 15 China-foreign joint ventures and enterprises of cooperative management since the beginning of this year. The figure exceeded the total of the previous 6 years. Letters of proposal and reports on the feasibility of the projects under discussions with foreign businessmen have totaled more than 50.

Foreign capital is used mainly in productive projects, in developing export commodities, and in balancing the foreign exchange of enterprises. Of the 97 projects whose contracts have already been signed, 87 or about 90 percent are productive projects. About one-third of the enterprises sell their products abroad. A total of 76 percent of the products produced by joint ventures, enterprises of compensation trade, and enterprises processing with materials provided by foreign firms are sold abroad. The Hualin plywood plant with a total investment of \$18.88 million is at present the largest China-foreign joint venture of our province. When it begins production more than 70 percent of its products will be sold in foreign markets.

The countries and regions we cooperate with have been gradually expanded from Hong Kong, Macao, and Japan to West Europe, America, and Southeast Asia. In the first half of this year, our province signed foreign capital utilization contracts with such regions and countries as Hong Kong, Macao, Japan, FRG, Italy, England, France, Denmark, Belgium, Finland, Singapore, and the United States of America. According to incomplete statistics, since the beginning of this year, our province has sent more than 200 delegations, totaling 1,100 persons, to nearly 30 countries and regions of the five continents to discuss economic and technological cooperation and to conduct investigations, and has received more than 80 foreign delegations, totaling nearly 300 persons.

CSO: 4006/19

HEBEI TO IMPORT FABRICS PRODUCTION EQUIPMENT

SK260719 Shijiazhuang HEBEI RIBAO in Chinese 13 Sep 85 p 1

[Text] On the afternoon of 12 September, the Shijiazhuang City No 6 cotton mill and the Handan City No 3 cotton mill signed four import contracts with the Suershous [4685 1422 1108] Company and the Beiningge [6296 1337 2706] Company of Switzerland and the Zuke [4371 0344] Company of the FRG. This was our province's first leasing business involving a fairly great sum of money--about \$3.5 million. Ye Liansong and Song Shuhua, vice chairmen of the organizational committee of the provincial meeting on international economic and technological cooperation and export commodities, attended the contract-signing ceremony and extended congratulations on the success of the discussion.

The contracts were for the import of a production line of coarse and thick fabrics and the equipment for producing indigo-blue denim. The China Huanqiu Leasing Limited Company and the Hebei Branch of the China National Machinery and Equipment Import and Export Corporation joined the discussions for the import. The deal with foreign firms concluded within a few days thanks to the full preparations and the close coordination of various fields.

On the same afternoon, Cangzhou City's Hongqi plastic plant signed a joint venture contract with Hong Kong's Deshan Group. According to the contract, both sides will jointly invest money in producing plastic floor boards. The annual capacity will be 4 million square meters and more than 50 percent of the products will be sold in international markets.

CSO: 4006/19

FOREIGN TRADE AND INVESTMENT

BRIEFS

TRADE DELEGATION DEPARTS HUNAN--The Hesse State economic and trade delegation from the FRG concluded its friendly visit to the province and left Changsha City this afternoon for Jiangxi Province. During its visit to Changsha, the Hesse State economic and trade delegation held in-depth and comprehensive talks with the provincial departments and units concerned on economic and technological cooperation. Some 68 units of the province participated in the talks. The two sides have made preliminary agreements on 19 economic and technological cooperation items. They have also signed a contract. They have signed 18 agreements and letters of intention in such areas as light industry, chemical industry, textiles, and machine-building. The forms of cooperation included the import of technology and equipment, joint ventures, compensation trade, and so on. The total value involved is more than \$30 million. Before departing Changsha, the delegation was seen off at (Xiangjiang) Hotel by leading comrades including (Chen Banghu) and Zhou Zheng.
[Text] [Changsha Hunan Provincial Service in Mandarin 1100 GMT 20 Sep 85 HK]

SHANDONG JOINT-VENTURE PLANT--On 10 September Yantai City, Shandong Province, held an inauguration ceremony for the Yantai Silk Printing and Dyeing Mill, the first plant in the country totally built with the investment of the (Zhemei) Textile Industrial Company of Italy and whose products will be sold on foreign markets. Attending the inauguration ceremony were responsible personnel of the Italian company; Gao Xiu, advisor to the State Economic Commission and chairman of the board of directors of China National Silk Corporation; Wang Mingjun, vice chairman of the board of directors of the corporation and manager general of the corporation; Li Bofeng, chairman of the provincial Economic Commission; Zhang Fuzeng, vice chairman of the provincial Commission for Economic Relations With Foreign Countries; Wang Huaying, manager of the provincial silk corporation; Dong Chuanzhou, mayor of Yantai City; Jiang Dehua, vice mayor of Yantai City; and responsible persons from the departments concerned. [Summary] [Jinan DAZHONG RIBAO in Chinese 11 Sep 85 p 1 SK]

QINGHAI'S OVERSEAS JOINT VENTURE--The province's first overseas joint venture enterprise started its business in Hong Kong recently. This company incorporates all import and export companies in the province as one party, and Hong Kong's Qinghai Company Limited as the other party. While adhering to the principle that service is paramount, priority will also be given to trading in a manner which ensures equality and mutual benefit. The company will develop economic and trade relations with Hong Kong, Macao, and other countries. In addition to acting as the agent for the province's import and export companies in Hong Kong and Macao, and promoting business for the import and export companies, the company will also import funds and technology to promote economic development in the province. [Excerpt] [Xining Qinghai Provincial Service in Mandarin 2330 GMT 22 Sep 85 HK]

SPECIAL ECONOMIC ZONES

SHENZHEN TAKES MEASURE TO CORRECT ARBITRARY EXACTION OF CHARGES

HK171456 Beijing ZHONGGUO XINWEN SHE in Chinese 1336 GMT 16 Sep 85

[Text] Guangzhou, 16 Sep (ZHONGGUO XINWEN SHE)--Shenzhen City has adopted measures against various types of arbitrary charges and fines.

In order to crack down on arbitrary charges and fines, the Shenzhen Municipal People's Government has issued unified measures, standards, and scopes concerning various charges and fines. Shenzhen City's Price Bureau will be in charge of examining and approving the various types of charges and fines. Shenzhen City's Finance Bureau will be responsible for printing bills to be used as receipts. Any measures which violate this regulation will be regarded as illegal activities of arbitrarily exacting charges and fines. Any unit or individual will then have the right to refuse to pay the charges and fines and will have the right to report such cases to the Price Bureau. The relevant department will deal seriously with such cases.

At a meeting, Liang Xiang, secretary of the Shenzhen Municipal CPC Committee, pointed out that some units look at foreign investors as "fair game" and have arbitrarily charged or excessively charged foreign investors under all sorts of pretexts. As a result, some investors become hesitant because of such practices. For example, a sanitary fee is collected by five departments at the same time: the three rectifications office, the epidemic prevention station, the management district, the street or neighborhood committee, and the environmental sanitation administrative office. Some schools even fine students who are late for school. These charges and fines have become the economic source of the various units which recklessly distribute money and materials to their staff. These practices have enabled a minority of people to make a big fortune and made the majority of people suffer. They have aroused the strong indignation of the broad masses.

CSO: 4006/19

SPECIAL ECONOMIC ZONES

BRIEFS

SHANTOU SPECIAL ZONE'S PROGRESS--In construction the Shantou Special Economic Zone has mainly relied on foreign funds as the source of funds, given priority to industry and agriculture in readjusting the production structure, and developed products mainly for export, thus achieving marked results. Over the past three years, the Shantou Special Economic Zone has mainly brought in foreign funds and funds outside the zone. By the end of July this year, there were a total of 197 enterprises which had signed contracts or registered with industrial and commercial administration departments. Their total investment reached some 1.8 billion Hong Kong dollars. Of the investment amount, 77 percent were foreign funds. As far as the production structure is concerned, of the 197 enterprises, 76 percent are engaged in industry and agriculture. The zone has adhered to the principle of developing products mainly for export. Consequently, about 80 percent of the industrial products of the zone have entered the international market, and 96 percent of the zone's agricultural products are for export. According to incomplete statistics, since its establishment, the special zone agricultural company has earned more than 30 million Hong Kong dollars in foreign currencies. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 25 Sep 85 HK]

CSO: 4006/19

LABOR AND WAGES

SHANDONG HOLDS SECOND LIGHT INDUSTRIAL WORKERS' CONGRESS

SK200220 Jinan DAZHONG RIBAO in Chinese 2 Sep 85 p 1

[Text] The Second Workers' Congress of the Provincial Society of the Collective Enterprises under the Second Light Industrial Bureau was held in Jinan from 30 August to 1 Septmeber. The congress discussed and worked out targets and measures for deeply conducting system reform in these enterprises and developing the production of daily consumer goods, revised the regulations for the collectives enterprises under the Second Light Industrial Bureau and the provincial society of these enterprises, and elected board of directors and board of supervisors of the Provincial Society of Collective Enterprises under the Second Light Industrial Bureau, and representatives participating in the third members' congress of the All-China Cooperatives Society. Attending the opening ceremony of the congress were leading comrades of the provincial CPC Committee, the Provincial Economic Commission, the provincial People's Congress, the provincial government, the provincial CPPCC Committee, and the Ministry of Light Industry, and representatives from the All-China Cooperatives' Society. On behalf of the provincial government, Ministry of Light Industry, and All-China Cooperatives' Society respectively, Ma Shizhong, deputy governor, and Ji Long, vice minister of Light Industry, delivered speeches.

Comrade Ma Shizhong said that it has been 22 years since the first workers' congress of the Provincial Society of the Collective Enterprises under the Second Light Industrial Bureau was held in 1963. Through developments in these years, the second light industry has become an important component part of our province's national economy. The output value of second light industrial enterprises in 1984 accounted for 8.7 percent of the province's total industrial output value. The enterprises under the Second Light Industrial Bureau across the province have been able to produce more than 3,000 varieties (kinds) of products in over 10,000 designs and colors. The products made by the enterprises under the Second Light Industrial Bureau are key export commodities for gaining foreign exchanges for the province. In 1984, these enterprises earned 826 million yuan from export, accounting for 25 percent of the province's total industrial and agricultural export value.

Comrade Ma Shizhong said: In order to further accelerate the development of the collective enterprises under the Second Light Industrial Bureau in our province, we should solve some key problems with regard to understanding, policies, and leadership. First, we must further correct our understanding of the significance of developing the collective sector of the economy under the Second Light Industrial Bureau. Second, we should work out policies for protecting and supporting the collective sector of the economy. Third, we should enhance leadership over the second light industry and help these enterprises solve practical problems.

CSO: 4006/7

LABOR AND WAGES

BRIEFS

EMPLOYMENT IN CHINA--According to ZHONGGUO FUNU BAO [CHINESE WOMEN'S DAILY], China assigned jobs to a total of 46 million people from 1979 to the end of 1984, of which 31.3 million were young job-hunters in urban and rural areas, representing 87 percent of the total number of job-hunters in the same period. The unemployment rate in China dropped from 5.9 percent in 1979 to 1.9 percent in 1984. [Text] [Beijing Domestic Service in Mandarin 0200 GMT 28 Aug 85 OW]

CSO: 4006/7

TRANSPORTATION

PROPER ROLE OF TRANSPORTATION IN NATIONAL ECONOMY OUTLINED

Beijing ZIRAN BIANZHENGFA TONGXUN [JOURNAL OF DIALECTICS OF NATURE] in Chinese No 3, 6 Jun 85 pp 31-40, 11

[Article by Shen Zhang [3947 3361]: "The Due Position and Proportion of Transportation in the Development of the National Economy"]

[Text]

I

A. Scientific, Planned Regulation Is the Primary Task in Economic Restructuring

The economic reform that is currently being implemented demands respectful regard for the law of value, the full functioning of market regulation, simplification of government administration and transfer of authority to lower levels, invigorating enterprises, and developing commodity production. This is only one aspect of the reform; it is also the aspect where necessary efforts are directed toward the invigoration of the microeconomy. Another aspect is the strengthening of the macroeconomic management, which means planned development of commodity production, as against an indiscriminate development of commodity production; it means coexistence of planned regulation and market regulation, as against the practice of a unitary market regulation.

Planned regulation is the natural product of the socialist public-ownership economy and the objective demand for a proportionate development of all sectors of the national economy. There exist certain proportionate relations between the different sectors of the national economy which form the specific economic structure; this is an objective fact. The formation of the specific economic structure in the capitalist economy relies mainly on market regulation. In all socialist countries, reliance is mainly placed on planned regulation. Both types have their pros and cons. In our current economic reform, we aim precisely at changing from the unitary planned regulation of the past, when centralization of authority was dominant, to a coexistence of planned regulation and market regulation, so as to eradicate certain drawbacks of unitary planned regulation and assimilate certain advantages of market regulation. As our economic restructuring progresses, the superiority inherent in the system of planned regulation will be more fully brought into play.

Although China practiced planned regulation in the past, imbalances in the proportions between certain sectors occurred, of which the most conspicuous examples are the tight state of our present transport situation and shortages in energy sources. How has this come about? Primarily because the planned regulation of the past did not accord with the objective demands of the situation, but in many cases were responses to experience or to subjective human desires, in violation of objective laws. The principle "take steel as the key link" is a typical case in point. To achieve scientific, planned regulation, it is first of all necessary to establish correct proportionate relations between the various sectors of the national economy, the reason being that certain proportionate relations change in the course of time, change due to the degree of scientific and technological progress, change according to the developmental stages of economic sectors and change according to the conditions of the state's resources and economic development. Add to it the differences in statistical methods and the limited statistical data, etc., which all aggravate the difficulties of the task to sum up and arrive at proportionate relations that can serve as rules. In the wake of the current economic reform, ever-increasing demands are now placed on planning work. With the further progress in economic theory and with the improvements of statistical data, scientific, planned regulation has become an important topic of study. The results in our studies of this topic will raise the efficiency of macroeconomic management and will be conducive to ensuring the smooth progress of our economic reform.

B. Preferential Development of Communications and Transportation Is a Primary Task in the State's Planned Regulation

According to recent statistics, railway and highway transportation together account for over 90 percent of the total transport volume and turnover volume of passenger transportation in China; they account for over 70 percent of freight volume and freight turnover (calculated at methods in common international use, excluding ocean shipping). At the present stage, China's communications and transportation problem is, therefore, primarily a question of railway and highway transportation. Communications and transportation constitute two things: lines of transportation and means of transportation. In my opinion, the problems of the means of railway and highway transportation are comparatively easier to resolve; thus this article emphasizes discussion of railways and highways per se.

Communications and transportation show four special characteristics: First, there is a fixed proportionate relation between communications and transportation and the entire national economy. This is the core in all my statements in this article, to be further elucidated.

Second, communications and transportation are to serve the entire society. In China, owing to problems in management structure and in pricing, business income from the actual sectors of communications and transportation perhaps is low. For instance, repairs of highways are very costly, but the users are possibly not required to pay anything, so that at one stage in our planning work, highways were included among social services, together with cultural, education and public health affairs, but not listed among the key construction projects. Actually, however, the beneficial effects of communications and

transportation for society are considerable; in all countries they are the arteries of the national economy. For instance, in the United States, the 1981 expenditure for transportation accounted for 21 percent of the GNP; tax revenue from the highway transport industry accounted for 13.5 percent of national tax revenues. In Great Britain, about 2.7 billion pounds were invested in the construction of expressways, but benefited the country by 5 to 6 billion pounds.

Third, capital construction for communications and transportation requires large investments, with long turnover cycles and extensive involvements over a broad area. The construction of 1 km of railway requires presently about 2 to 5 million yuan; the construction of 1 km of expressway requires 5 to 10 million yuan. The construction time for a railway line or highway is frequently 3 years, 5 years or even longer. The line along which the railway or highway is to run does not only depend on the land to be occupied, but also on plans for the development of cities and villages along the line and on distributing industries. Here, one must take a nationan-wide perspective, give consideration to the situation as a whole, and make unified plans. Even in capitalist countries, although their governments adopt a policy of generally not interfering in industries and freely allow market regulation, the states still invest heavily and adopt a number of measures for the encouragement and support of communications and transport development, which is in many respects subjected to planning and management by the state. For instance, the United States provided that for every km of railway line, the railway company will be granted 10 miles of land on both sides of the line and a subsidy of from \$16,000 to \$48,000. The first commercial railway in the United States was built in 1830. By 1860, the United States had 30,000 miles of railways (equal to about 49,000 km, i.e. over 100 years ago already the approximate length of China's present railway lines), and by 1913 its railways had extended to a length of 400,000 miles. For the construction of expressways, the Congress of the United States passed the "Federal Highway Assistance Act," which established a mutual relationship between the federal government and the state governments, providing for a subsidy by the federal government and assigning management to the states. The development of communications was viewed with equal importance--and financial support and guidance in planning work were provided--in Japan, Great Britain, France and other countries.

Fourth, capital construction for communications and transportation has to be based within the country in question. Railways and highways cannot be imported from abroad, which is an extremely important difference to other sectors of the economy. A major aspect of our economic reform is the opening up toward the outside world. For certain products that cannot be economically manufactured domestically, or do not exist in China, adjustments are possible by relying on importation. It is even possible to consider imports to alleviate shortages of energy sources; there are indeed many countries that rely on imports for their sources of energy, but regardless of which country is concerned, each must undertake the development of communications and transportation on its own.

These four special characteristics explain that communications and transportation in China cannot primarily be left to market regulation, or

primarily to collectives or individuals to undertake. They must be managed by the state and rely primarily on the planned regulation by the government (including central and local governments), since these undertakings cannot rely on imports and, furthermore, require huge investments, long construction times, and should therefore head the list of items for planned regulation. Any other arrangement will adversely affect the overall situation in a way that will be impossible to remedy.

C. Preferential Development of Communications and Transportation Is not Merely a Requirement of Production Development but also Necessary for Raising Living Standards.

In the wake of our developing national economy, the living standards of the people will also gradually rise. People will no longer be satisfied with the minimal necessities, but will make more and greater demands; life will become more diversified, more abundant and more colorful. We can predict that China too will be able to institute a 5-day working week, as in the majority of developed countries, and many employees and workers will have annual holidays. Following the increase in leisure time, leaving one's place of residence for a vacation will become an extremely important part of one's life. In China as well as abroad, people consider tourism as one of the best forms of rest and recreation, as one hopes for a happy and relaxed time during vacation travelling. However, our present travel conditions are in unfavorable contrast to any such hopes of the people. We have difficulty buying tickets, finding a seat in the car or on the boat and also on airplanes. Not just Chinese travelers experience these difficulties; even foreign travelers, who enjoy all kinds of privileges, have problems in buying tickets. According to data from a 1982 sample checking of the income and expenditure of employee and worker families, 90 percent of the average monthly expenditure of employees and workers goes for the purchase of goods, and around 60 percent of the total expenditure is spent on the purchase of food, while only around 2 percent is spent on cultural pursuits and recreation. In our efforts to achieve modern standards, let us not only look at the industrial and agricultural output value, but also give consideration to the standard of living. A criterion for the level of our people's living standards is the generally accepted Engel coefficient (the proportion in a person's expenditure spent on food, drink and tobacco). According to the mentioned statistical data of 1982, the Engel coefficient averages 60. In the United States, the Engel coefficient in 1971 was 18. In Japan the Engel coefficient dropped in the 10 years from 1960 to 1970 from 40.6 to 34.2, and during the same period of time the number of persons travelling for recreation for more than 1 day per 100,000 people increased 2.2-fold and the number of tourists travelling abroad 7.1-fold. It is easy to see that if and when the Engel coefficient will be lowered in China and tourists increase, there will be a manifold increase in passenger volume over and above today's volume. If we still do not afford preferential development to communications, it will become quite impossible in future to satisfy the needs of the people in their efforts to raise their living standards.

II

A. It Is an Objective Law That Communications and Transportation Should Develop Proportionately with Development of the National Economy

Let us first of all look at the following statistical data:

Table 1: 1979 GNP and Freight Turnround Volume for Certain Countries¹

	US	Japan	FRG	France	UK	Italy
GNP (\$ billion)	2112	1000	761.9	471.6	404	260.1
Freight turnaround volume (billion km)	3972	444.3	261.9	202.6	134.5	116.1
GNP/Freight turnaround volume	0.53	2.25	2.91	2.33	3.00	2.24

Table 2: Growth of USSR National Income and Freight Turnaround Volume²

	1940	1950	1960	1965	1970	1974	1975
National income:	100	164	435	597	597	1093	1142
Total freight turnover volume:	100	144	387	559	774	998	1051
Income/Turnover volume:	1	1.14	1.12	1.07	1.12	1.095	1.09

Table 3: Percentage of Transportation, Post and Telecommunications in the GNP of Major Developed Countries³

	US	Japan	FRG	France	UK	Italy	Canada
1950	7	7	7	6	8	6	8
1960	7	9	6	5	8	6	8
1970	6	7	6	5	7	6	7
1978	7	7	6	5	7	6	7
1979	7	6	6	6		6	7

Table 4: Percentage of China's Transport Industry in the National Income⁴

	1952	1957	1962	1965	1970	1975	1978	1980
Percentage	4.3	4.3	4.1	4.2	3.8	3.8	3.9	3.2

Table 1 demonstrates that the GNP and freight turnover volume in such countries as Japan, the FRG, France, Great Britain and Italy are basically of a fixed value between one and two. In other words, with a certain GNP there is a certain freight turnover volume. There is a direct ratio between the two. The comparative values in the United States are different from those in these countries, because the territory of the United States is from 10 to 30 times larger than that of these countries, which means that there is a substantial difference in the degree of industrial concentration and that the production of certain goods requires transportation over large distances, so that, naturally, the domestic output value relative to the freight transportation volume is small.

Table 2 demonstrates that national income and freight turnover volume in the Soviet Union increased basically at the same pace.

The freight turnover volume must be basically proportionate to the income of the transport industry. We can therefore deduce that the income of the transport industry is proportionate to the national income, and this fact is indeed confirmed in tables 3 and 4.

We must point out here that in their computations Chinese and foreign statistical data usually combine transportation with post and telecommunications into one sector of production. In China, whether in their income or investments for capital construction, the postal and communications services account for only about 10 percent of these items in the transport industry. Because postal and telecommunications services as well as transportation serve the entire society, they are in certain respects similar in nature, and when using figures and computations, we shall, for the sake of simplification, refer to transport, post and communications together simply as transport industry, without separately treating postal and telecommunications services.

We must point out here that China's method of computing gross value of industrial and agricultural output [GVIAO] and gross social product value cannot avoid some overlapping. China's method of computing the national income is similar to the methods used in foreign countries for figuring GNP. The difference is that China does not include the output value of such tertiary industries as science, education, cultural pursuits and public health in computing its national income, while these items are included in foreign computations of GNP. In spite of this difference, I believe that China's national income to a certain extent can be compared to GNP values of foreign countries, and that it seems more reasonable to use the concept of national income rather than the concept of gross industrial and agricultural output value.

Tables 3 and 4 illustrate that changes in the proportion of income from a particular country's transport industry within the national income remain within the range of about 1 percent, and can be regarded as coming close to a fixed value. This is a premise of the following analyses and calculations.

In China, the transport industry accounts for a smaller proportion than in the major developed countries, for the possible reason that statistical and

pricing methods differ. China's transport industry is a service industry, its tariffs are artificially set, and possibly at too low a level. If the tariffs were adjusted according to the law of value, the proportion of China's transport industry in the national income would quite possibly increase.

Currently the main problem for China's communications and transportation industry is not the disproportion between national income and income from the transport industry, but rather the disproportion between the operational mileage increases in the transportation industry itself and the increases in actual transportation business. Taking the period from 1952 to 1981 as example, the mileage of railway operations increased only 2.19-fold, but volume of passenger transportation increased 5.8-fold, passenger turnover volume 7.3-fold, freight volume 8.1-fold, and freight turnover volume 9.5-fold. Highway mileage increased 7.1-fold, but volume of passenger transportation increased 57-fold, passenger turnover volume 36-fold, freight volume 5.4-fold, and freight turnover volume 18-fold. These figures demonstrate that the speed at which railway and highway mileage increased was far below the growth of transportation business. The direct result of this situation is a serious inadequacy of transport capacity. If the income of the transport industry and the national income maintained basically the same pace of increases under these circumstances, it was due to the practice of overloading in transport turnovers. The transportation of excess loads has by now in many respects reached its utmost limits. For instance, in 1981, freight turnover volume increased by merely 1 percent over the previous year, and on the railways it even declined 0.1 percent. On more than 10 sections of the nation's trunk lines the limits of capacity have been reached, and whatever can pass on these sections can satisfy only 50 to 70 percent of requirements.

Railway and highway mileages are not being increased to necessary proportions, and the most serious result is not that certain upper limits are reached in the development of these services themselves, but that they constitute bottlenecks impeding the development of the entire national economy. Excessive loading practices lead to a serious decline in the efficiency of the national economy. There is a shortage of highways, their quality is poor, motor vehicles move at slow speeds, gasoline consumption is high, and engines wear out quickly. Since the transport capacity of the railways is insufficient, coal is being transported by motor vehicles from great distances, many goods cannot be shipped out at all and must be stocked and may rot, and many factories have to stop manufacturing because raw materials cannot be shipped in in time.

B. Mathematical Models for the Developmental Proportions Between Communications-Transportation and the National Economy

1. Basic Formulas

First of all, let us divide the entire national economy into two subsystems: the transport industry, and all other trades. As far as China is concerned, these include engineering, agriculture, construction, and commerce. As far as foreign countries are concerned, they also include the tertiary industries in a broad sense, namely science, education, cultural pursuits and public health.

According to the premise that the proportion of national income (or of GNP) represented by transportation industry income is a fixed value, we may say:

$$y_{1n} = Ky_{2n} \quad [1]$$

$$y_{gn} = y_{1n} + y_{2n} = (K + 1)y_{2n} \quad [2]$$

where y_{1n} =income from other industries in year n;
 y_{2n} =income from transport industry in year n;
 y_{gn} =national income in year n; and
 K =constant.

Because the value created by any industry is always inseparably linked with its production methods or service methods, it also is inseparably linked with factory buildings, equipment, etc., or, we may also say, with its fixed assets. We may therefore formulate:

$$y_{1n} = a_{1n}\omega_{1n} \quad [3]$$

$$y_{2n} = a_{2n}\omega_{2n} \quad [4]$$

$$y_{gn} = a_n\omega_{gn} \quad [5]$$

where ω_{1n} =net value of fixed assets of trade in n years;
 ω_{2n} =net value of fixed assets of transport industry in n years;
 ω_{gn} =net value of fixed assets of the national economy in n years; and
 a_n =coefficient, equivalent to income realized by net value of unit fixed assets.

Our objective is the comparison of past disparities between proportionate and disproportionate development during a certain period of time and to forecast developmental conditions for a certain future period of time. To simplify the calculation, we use average annual growth rates over a certain period in place of annual growth rates, which means assuming that increases take place every year over a certain period of time at the same rate of growth. Thus we have:

$$y_{1n} = y_{10}(1 + e_1)^n \quad [6]$$

$$\omega_{1n} = \omega_{10}(1 + e_2)^n \quad [7]$$

$$y_{2n} = y_{20}(1 + e_3)^n \quad [8]$$

$$\omega_{2n} = \omega_{20}(1 + e_4)^n \quad [9]$$

where y_{10} =income from other industries and trades from a certain year on;
 y_{20} =transport industry income from a certain year on;
 ω_{10} =net value of fixed assets of other industries and trades from a certain year on;

- ω_{20} = net value of fixed assets of the transport industry from a certain year on;
 e_1 = average annual growth rate of income from other industries and trades in n years;
 e_2 = average annual growth rate of net value of fixed assets of other industries and trades;
 e_3 = average annual rate of increase in income from transportation; and
 e_4 = average annual growth rate in the net value of the transport industry's fixed assets.

We can deduce from formulas [1], [2], [6], and [8]:

$$\frac{y_{1n}}{y_{2n}} = \frac{y_{10}(1 + e_1)^n}{y_{20}(1 + e_3)^n} = \frac{y_{10}}{y_{20}} = K$$

$$\therefore e_1 = e_3.$$

For the same reason:

$$\frac{y_{gn}}{y_{2n}} = \frac{y_{go}(1 + e_g)^n}{y_{20}(1 + e_3)^n} = \frac{y_{go}}{y_{20}} = K + 1$$

$$\therefore e_g = e_3 = e_1. \quad [10]$$

This means that the growth rate is the same for income from the transport industry, for income from other trades and industries, and for the national income; i.e., they increase at the same pace.

From formulas [3], [4], [7], [9], and [10] we can deduce:

$$a_{1n} = a_{10} \left(\frac{1 + e_1}{1 + e_2} \right)^n \quad [11]$$

$$a_{2n} = a_{20} \left(\frac{1 + e_3}{1 + e_4} \right)^n = a_{20} \left(\frac{1 + e_1}{1 + e_4} \right)^n \quad [12]$$

where a_{10}, a_{20} = the value of y_{10}/ω_{10} and y_{20}/ω_{20} from a certain year on.

Formula [11] shows that if $e_2 > e_1$, then a_{1n} declines yearly as a result of disproportionate development. From formula [12] we see that if $e_1 > e_4$, then the utilization rate of the fixed assets in the transport industry will decline, which is equivalent to state of overloaded transportation.

2. Actual Development from 1957 to 1980

We have selected 1957 as the starting year and also regard conditions in that year as standard. Standard conditions means that the transportation capacity is in a normal condition, not too abundant, also not overloaded and not reducing efficiency in the other industries and trades. Chinese statistical material frequently takes 1952 as the starting year in comparisons of growth indices. In my opinion, China's gross agricultural output value in 1952 by far exceeded the gross industrial output value; it was still an agricultural society. In 1957, the First 5-Year Plan was completed, and from then on industrial output value rapidly increased, so that industrial and agricultural output values were basically equal by 1958. For this reason, 1957 is selected as the starting year, and it is also assumed that that year conformed to standard conditions. Owing to a lack of statistical data, we take the original value of that year's fixed assets as being close to the net value of the fixed assets. The following formulas indicate that the starting value is equal to a fixed coefficient and will not influence the nature of the formula itself. This means then that $\omega'_{10} = \omega_{10}$ and $\omega'_{20} = \omega_{20}$. ω'_{10} and ω'_{20} each represent original values of fixed assets at the starting point.

1957 as Starting Year (unit: 100 million yuan)⁵

y_{10}	y_{20}	y_{g0}	ω_{10}	ω_{20}	ω_{g0}	a_{10}	a_{20}
869	39	908	340	183	523	2.55	0.21

The year 1980 has been adopted as the final point of the first stage, which means $n = 23$, because presently published statistical figures generally end around 1980.

The statistical value of the 1980 national income being $y_s = 3688$, and using y_s , we can calculate the various values of y .

According to the formula $y = y_0 (1+e)^{23}$, we can determine that $e_g = e_1 = 0.063$.

Because there are no useful figures for the net value of fixed assets in the published statistical data, we have to deduce the average annual rate of increase in the net value of the fixed assets and the value in 1980 from the original value of the fixed assets and the rate of depreciation.

Using ω' and e' to indicate the original value of fixed assets and the average annual rate of increase, and Δe to denote the rate of depreciation, we get:

$$\omega'_1 = \omega_{10} (1+e'_1)^n$$

$$e'_1 = \Delta e_1 + e_1$$

$$\omega'_2 = \omega_{20} (1+e'_2)^n$$

$$e'_2 = \Delta e_2 + e_2$$

$$\omega'_{10} = \omega_{10}$$

$$\omega'_{20} = \omega_{20}$$

For 1980, $\omega'_1 = 4368$ and $\omega'_2 = 943$.

Thus we can determine that $e'_2 = 0.113$ and $e'_4 = 0.074$; and

if $\Delta e_2 = 0.02$, then $e_2 = 0.093$.

In my opinion, the net value of the fixed assets must represent the production capacity or service capacity of the industry or trade in question. Since transport capacity is mainly determined by the roadway, the increase in net value of fixed assets must be identical with the increase in road mileage. From 1957 to 1980, because of a comparatively large increase of cars, the original value of fixed assets of the transport industry increased about 5.15-fold, the mileage of railway lines in operation increased 1.87-fold, and highway mileage increased 3.4-fold, so that the multiple of increases in the net value of fixed assets, equivalent to the multiple of the average increases of railway lines and highways, would be 2.635-fold, equivalent to an annual average growth rate of 0.043. With a depreciation of fixed assets of 0.03, the growth rate of net value would come to nearly 0.044, therefore obtaining a depreciation rate of $\Delta e_4 = 0.03$, while $e_4 = 0.044$.

Entering the values for e_1 and e_2 into the relevant formula, we can determine the various values for 1980 as follows:

y_1	e_1	y_2	y_g	ω_1	e_2	ω_2	e_4	a_1	a_2	ω_1/ω_{10}	ω_2/ω_{20}	a_1/a_{10}	a_2/a_{20}
3542	0.063	159	3701	2629	0.093	493	0.044	1.34	0.32	7.73	2.69	0.53	1.5

y_2 and y_g are larger than the actual statistical values, because y_2 is calculated at the fixed ratio of a 4.3-percent share of the income from the transport industry in the national income. However, actually the ratio was only 3.2 percent in 1980. I believe that the actual statistical value for y_2 in 1980 is abnormal. Related with this is the fact that there is an error of 0.3 percent as between the statistical value of the national income and the computed value. In the following calculations, we shall always use the computation value as representing the actual situation in 1980.

It appears from the above figures that between 1957 and 1980 the multiple of the increase in net value of the fixed assets of other industries and trades was 7.73, but that the same figure for the transport industry was 2.69, indicating a serious imbalance between the two items. Consequently, a_1 declined, $a_{10} = 2.55$, and $a_1 = 1.34$, and a_1 is only equivalent to 53 percent of a_{10} .

3. Comparison of Actual Conditions with Standard Conditions, 1957 to 1980

If we start with 1957, the national economy always developed under standard conditions. The following is the mathematical formula describing the standard condition:

$$\frac{\omega_{1n}}{\omega_{2n}} = \frac{\omega_{10}}{\omega_{20}}$$

[13]

$$a_{1n} = a_{10}$$

[14]

$$a_{2n} = a_{20}$$

[15]

The meaning of these formulas is that as the net value of fixed assets of other industries and trades increases by a certain factor, the net value of fixed assets of the transport industry will correspondingly increase by the same factor, and that, furthermore, no change occurs in the income realized in the net value of the unit fixed assets. We can therefore deduce from standard conditions: $e_{1t} = e_{2t} = e_{4t}$.

If we take e_{1t} to be 0.063, the values of y_{1t} and y_{2t} in 1980 are identical with actual conditions. The points of difference are only that ω_{1t} and ω_{2t} will widely differ from actual conditions.

$$\omega_{10} = \omega_{10}(1+0.063)^{23} = 1386$$

$$\omega'_{10} = \omega_{10}(1+0.063+0.02)^{23} = 2128$$

$$\omega_{20} = \omega_{20}(1+0.063)^{23} = 746$$

$$\omega'_{20} = \omega_{20}(1+0.063+0.03)^{23} = 1415$$

where ω'_{1t} and ω'_{2t} are the original values of fixed assets of normal conditions. The total investments in fixed assets during 23 years is $\Delta\omega$.

$$\Delta\omega_1 = (\omega'_{10} - \omega_{10}) + (\omega'_{20} - \omega_{20}) = 3020$$

while the total investments in actual conditions is

$$\Delta\omega_2 = (\omega'_{10} - \omega_{10}) + (\omega'_{20} - \omega_{20}) = 4788.$$

The difference between the two is

$$\Delta\omega_2 - \Delta\omega_1 = 4788 - 3020 = 1768.$$

This shows that although the average annual growth rates of actual and standard conditions agree, the same as in the 1980 national income, the price paid for the same results is not the same. Under standard conditions, as it would then conform to the objective law of proportionate development, the transport industry does not hamper development of the other industries and trades. The benefits from having the other industries and trades maintain an unchanged utilization ratio of the net value of fixed assets is far greater than the increased benefits from a rise in the utilization ratio of net value of fixed assets in the transport industry. It is for this reason that the total investment in fixed assets can be reduced to 176.8 billion yuan.

4. Recovery Time

We shall call recovery time the number of years m of change from actual conditions to standard conditions. It actually means that by accelerating the growth rate of fixed assets in the transport industry, the ratio between fixed assets of the transport industry and those of other industries and trades will

return to standard-condition values by the year m. The following is the mathematical formula for the recovery period:

$$\frac{\omega_{1m}}{\omega_{2m}} = \frac{\omega_{10}}{\omega_{20}} \quad [16]$$

$$\alpha_{1m} = \alpha_{10} \quad [17]$$

$$\alpha_{2m} = \alpha_{20} \quad [18]$$

According to the following formulas and formula [17]:

$$y_{1m} = y_{10}(1+e_1)^n(1+e_2^0)^m \\ = \alpha_{10}\omega_{10}(1+e_1)^n(1+e_2^0)^m$$

$$y_{2m} = \alpha_{2m}\omega_{2m} \\ = \alpha_{20}\omega_{20}(1+e_2)^n(1+e_1^0)^m$$

where e_1^0 = average annual growth rate of income from other industries and trades during recovery period, and

e_2^0 = average annual growth rate of net value of fixed assets of other industries and trades during recovery period.

From this we can deduce:

$$(1+e_1^0)^m = \left(\frac{1+e_2}{1+e_1}\right)^n (1+e_2^0)^m$$

And for the same reason:

$$(1+e_2^0)^m = \left(\frac{1+e_1}{1+e_2}\right)^n (1+e_1^0)^m \\ = \left(\frac{1+e_1}{1+e_2}\right)^n (1+e_1^0)^m$$

When e_1^0 , e_2^0 , e_4 and n, m values have all been determined, we can determine the e_2^0 and the corresponding e_4^0 and e_1^0 .

Making $y_{1m} = y_{10}(1+e_2)^n(1+e_2^0)^m$

$$R = (1+e_2)^n(1+e_2^0)^m \quad [19]$$

then

$$y_{1m} = y_{10}R \quad [19]$$

$$y_{2m} = y_{20}(1+e_2)^n(1+e_2^0)^m \\ = y_{20}R \quad [20]$$

$$\omega_{1m} = \omega_{10}(1+e_1)^n(1+e_1^0)^m \\ = \omega_{10}R \quad [21]$$

$$\begin{aligned}\omega_{1m} &= \omega_{10}(1+e_1)(1+e_1^*) \\&= \omega_{10}(1+e_1)(1+e_1^*) \\&= \omega_{10}R && [22] \\y_{1m} &= y_{10} + y_{1m} \\&= (y_{10} + y_{10})R && [23] \\ \omega_{gm} &= \omega_{1m} + \omega_{2m} \\&= (\omega_{10} + \omega_{10})R && [24] \\ \Delta\omega &= \omega_{gm} - \omega_{g0} && [25]\end{aligned}$$

The above formulas show that the recovery time is unrelated to e_1 and e_4 , but relates only to the e_2 prior to recovery time. Because the method of calculating the depreciation rate is still under discussion, we shall henceforth use the difference in total net values of fixed assets during certain periods as approximating the total investments in fixed assets.

The following is a comparison:

Let us compare the actual state of continued development from 1980 to 1985, still according to the conditions of $e_1 = 0.063$, $e_2 = 0.093$ and $e_4 = 0.044$, with the conditions of recovery beginning in 1980 and extending to recovery of standard conditions in 1985, and assuming that the recovery period e_2^* is 0.04.

Our calculation would result in values as listed in the following table:

Table 5: (e represents the average value for 1980-1985)

	y_1	y_2	y_3	ω_1	ω_2	ω_4	$\Delta\omega$	e_1	e_1^*	e_2	e_2^*	e_4	e_4^*
1980	3542	159	3701	2629	493	3121							
1985	4807	215	5023	4100	611	4711	1590	0.063	0.093	0.093	0.044		
Recovery time, 1985	8174	367	8541	3198	1721	4919	1798	0.18	0.04	0.04	0.28		

Table 5 shows that the total net value of fixed assets in the 1985 actual conditions and recovery period conditions are similar, which means also that similar amounts of investments are required. However, under the conditions of the recovery period, the fixed assets of the transport industry increase faster than the actual conditions. Consequently, the insufficiency in the transport capacity is gradually alleviated until it assumes standard conditions in 1985. During the recovery period, the national income increases at the annual average rate of 18 percent, so that by 1985, the national income under recovery conditions will exceed the actual conditions by 350 billion yuan.

5. Forecasting Post-1985 Conditions

The year 1986 will be the earliest time that we can really adopt recovery measures, so that the actual conditions computed for 1985 should be the

starting point for the first stage, $n = 28$. We must attach importance to the study of the recovery period which we shall enter in 1986.

Calculations based upon formulas [19] to [25] will yield the results shown in table 6:

Table 6. $n = 28$

	y_1	y_2	y_s	ω_1	ω_2	ω_s	$\Delta\omega$	e_1^0	e_2^0
$m = 5, e_2^0 = 0$	10480	470	10950	4100	2207	6307	1596	0.16	0.29
$m = 5, e_2^0 = 0.04$	12751	572	13323	4988	2685	7674	2963	0.21	0.34
$m = 7, e_2^0 = 0$	10480	470	10950	4100	2207	6307	1596	0.11	0.20
$m = 7, e_2^0 = 0.04$	13791	618	14410	5396	2904	8300	3589	0.16	0.24
$m = 10, e_2^0 = 0$	10480	470	10950	4100	2207	6307	1596	0.08	0.13
$m = 10, e_2^0 = 0.04$	15513	696	16210	6069	3266	9336	4625	0.12	0.18

Table 6 shows that when value m is determined, e_2^0 , of course = 0, which means at a time when the net worth of fixed assets of other industries and trades is maintained without further growth, the investments needed during the recovery period will be at a minimum. However, integrated with China's actual conditions, since there are also problems of imbalance within the other industries and trades, it will actually be impossible to provide investments just for the transport industry without also providing investments for the other trades and industries.

The disproportion between the transport industry and the other trades and industries occurred over the past 30 years. If the recovery period is too short, for instance if $m = 5$, while the annual growth rate for net value of fixed assets of the other trades and industries is 0.04, the growth rate of the net value of fixed assets of the transport industry must reach 0.34, which is 34 percent, a change that would indeed be too drastic. It is therefore my opinion that according to the values in the above tables, it would be appropriate to take $m = 10$ and $e_2^0 = 0.04$. In this period of 10 years, the annual growth rate of the national economy would be 12 percent, and the annual growth rate of the net value of fixed assets of the transport industry 18 percent.

We can, moreover, forecast conditions for the year 2000. After m number of years, from start to end according to standard conditions of development, the formulas would be as follows:

$$y_1 = y_{10} (1+e_1)^\alpha (1+e_2^0)^\beta (1+e)^\gamma \quad [26]$$

$$y_2 = y_{20} R (1+e)^\gamma \quad [27]$$

$$y_s = y_1 + y_2 = (y_{10} + y_{20}) R (1+e)^\gamma \quad [28]$$

$$\omega_1 = \omega_{10} R (1+e)^\gamma \quad [29]$$

$$\omega_2 = \omega_{20} R (1+e)^\gamma \quad [30]$$

$$\omega_s = (\omega_{10} + \omega_{20}) R (1+e)^\gamma \quad [31]$$

$$\Delta\omega = \omega_s - \omega_{s0} \quad [32]$$

In these formulas e stands for growth after m number of years, because it is taken as under standard conditions, $e_1 = e_2 = e_3 = e$.

Table 7. Computations for Conditions in the Year 2000
 $(n = 28, m = 10, K = 5, e_2^0 = 0.04)$

	y_1	y_2	y_8	ω_1	ω_2	ω_8	$\Delta\omega$
$e = 0.04$	18874	847	19721	7384	3974	11359	6648
$e = 0.06$	20760	931	21692	8122	4371	12494	7783

C. Conclusions

1. The proportion to which the output value of the transport industry is a part of the national income or GNP is a fixed value. In certain periods of history, this proportion must be maintained unchanged; the proportion of net value of the fixed assets of communications and transportation and the net value of fixed assets of the other trades and industries must also remain unchanged.
2. The standard condition is the direct ratio between the growth of the net value of fixed assets of the transport industry and the growth of the net value of the other trades and industries. In this standard condition, the output value realized by the net value of unit fixed assets is unchanged, the average annual growth rate of the national economy is equal to the average annual growth rate of the net value of fixed assets of the other trades and industries, and is also equal to the average annual growth rate of the net value of fixed assets of the transport industry.
3. From 1957 to 1980, there was an imbalance between the development of China's national economy and the development of its transport capacity. The net value of fixed assets of the transport industry increased only about 2.7-fold, while growth of net value of fixed assets in other trades and industries was 7.7-fold. As a consequence, the transport industry became a bottleneck impeding the development of the entire national economy and had the effect that the output value realized from the net value of unit fixed assets in 1980 in the other trades and industries was only 53 percent of standard condition, seriously reducing efficiency (capital utilization rate) throughout the entire national economy. Compared with standard conditions, and under conditions of attaining the same national income, there would have to have been a further investment of 176.8 billion yuan.
4. The recovery period is a time for the adjustment of the proportionate growth of fixed assets of the transport industry and of the other trades and industries. It amounts to opening up the bottleneck, or to "lengthening the short section in a wooden bucket." In the course of the recovery period, it will be possible to gradually improve the condition of declining utilization rates of net value of fixed assets of the other trades and industries. At the

end of the recovery period, standard conditions will have been attained. Our computations indicate that in the period from 1980 to 1985, under conditions of basically similar total investments in fixed assets, the average annual growth of the national income during the recovery period can reach up to 18 percent, and that the national income in 1985 could be about 350 billion yuan more than the actual conditions. Because the capacity of China's communications and transportation are seriously lagging behind actual requirements, the recovery period cannot be too short. If we use 10 years, starting with 1986, for the recovery to standard conditions, and if the average annual growth rate of the national income were 12 percent, the national income would quadruple by 1995, compared with 1980, reaching 1,600 billion yuan.

5. In the course of discussing the proportionate developments of communications and transportation and of the national economy, this article assumes that the other trades and industries are rationally structured internally. However, the actual conditions are that this internal structure of the other trades and industries is not altogether rational. During the period of recovery, we can therefore not assume that e_2^0 is zero. However, the investment in the other trades and industries must also be subjected to a rational adjustment in the internal structure according to the principle of concentrating strength, and cannot be applied equally.

FOOTNOTES

1. Sanlian Bookstore: "Concise Collection of World Economic Statistics," 1982.
Social Sciences Publishers: "World Economic Yearbook," 1981.
2. Sanlian Bookstore: "Methods of Planned Economic Management."
3. Sanlian Bookstore: "Concise Collection of World Economic Statistics," 1982.
4. China Statistical Publishers: "Statistical Yearbook of China," 1983.
5. China Statistical Publishers: "Statistical Yearbook of China," 1983.

9808
CSO: 4006/901

TRANSPORTATION

SHANGHAI RECEIVES CONTAINER SHIP MADE IN FRG

OW171929 Beijing XINHUA in English 1859 GMT 17 Sep 85

[Text] Shanghai, 17 Sep (XINHUA)--A federal German-made container ship, which can carry more than 33,000 tons of cargo, was delivered to Shanghai today.

It is the last of six ships ordered from Seebeck Werft Ag by the Shanghai ocean-going shipping company in 1982.

The vessel can carry 1,668 standard containers, 368 more than the company's previous-largest, and can also transport refrigerated containers.

Officials of the Shanghai firm said the vessel would soon go into service alongside its five sister ships on the Sino-American container route.

The Shanghai ocean-going shipping company has 39 container ships sailing on 15 routes to America, Australia, Japan and many other parts of the world.

The officials said the company planned to import more ships from Seebeck Serft.

CSO: 4020/7

TRANSPORTATION

YUNNAN PROVINCE IMPROVES TRANSPORTATION

OW241059 Beijing XINHUA in English 1038 GMT 24 Sep 85

[Text] Kunming, 24 Sep (XINHUA)--Yunnan, a landlocked province in the southwest of China, has opened an air service today from its capital, Kunming, to Mengzi County, 200 kilometers south of the city.

The flight was made on 21 September.

This is the first service offered by a new aviation company, which plans to offer routes from Kunming to Simao, Yanshan, Xiangyun and Zhaotong within the province, as well as routes from Kunming to Hong Kong, other parts of China and Thailand.

Two Boeing 737 planes have been ordered and five other planes have been purchased to serve the new routes. A large airport is being built in Xishuangbanna in the southern part of the province.

Transportation improvement is important for Yunnan's economic growth, as 94 percent of the province is mountainous. In addition to offering air service, improvements are also being made to the provincial roads and rail links.

The railway from Kunming to Guiyang, capital of Guizhou province, is now being electrified. A 214-kilometer railway linking the Chuxiong autonomous prefecture of Yi ethnic group and the Dali autonomous prefecture of Bai ethnic group will be built during the seventh five-year plan period (1986-1990).

Yunnan now has 70,000 kilometers of roads, linking 92 percent of its counties and townships. Last winter and spring, over 870,000 people were mobilized to build 11,720 kilometers of roads, with plans to build an additional 7,000 kilometers this year.

Four trunk roads extending to the southeast, west, south and northeast will be widened and another seven provincial highways are being rebuilt. Some new suspension bridges have been built over ravines in mountainous areas.

Before liberation in 1949, transportation in Yunnan depended mostly on horses, and even today horse caravans can often be seen in mountainous areas.

CSO: 4020/7

TRANSPORTATION

ROAD CONSTRUCTION PICKS UP IN NORTHWEST

OW280756 Beijing XINHUA in English 0714 GMT 28 Sep 85

["News feature: Road Network Paves Way for Prosperity in Northwest China"]

[Text] Xi An, 28 Sep (XINHUA)--When princess Wencheng of the Tang Dynasty set out from Changan--the present-day Shaanxi Provincial capital of Xian--about 1,300 years ago, she rode on a horse for two years and more before reaching Lhasa to marry Songtsan Gambo, the Tufan Dynasty monarch who then ruled Tibet.

Now it takes only five days to complete the Xian-Lhasa trip by bus along a 2,877-km asphalt road.

The road crosses grasslands, the Yangtze and Yellow rivers, and the Tanggula, Kunlun and Bayanhar mountains in Shaanxi, Gansu and Qinghai provinces, and the Tibet autonomous region.

Asphalting of the Qinghai-Tibet section, from the Qinghai Provincial capital of Xining to Lhasa, was completed earlier this month. The almost 2,000-km section is on the average 3,790 meters above sea level, the highest road of its kind in the world.

The Xian-Lhasa highway is one of 2,000 roads crisscrossing the vast northwestern area--embracing Shaanxi, Gansu, Qinghai, and the Xinjiang Uygur and Ningxia Hui autonomous regions.

Xinjinag opened a 2,000-km asphalt road between the regional capital of Urumqi and Wuhe county last year.

Totaling 125,000 km, the northwest China road network links all the area's 340 cities and counties, and 88 percent of the townships are linked to roads.

There were only several thousand kilometers of dirt roads around a few big cities before the founding of new China in 1949, local residents had to depend on donkeys, yaks, camels and horses for transport.

This extremely dry area covers 3.1 million sq km--roughly one-third of the country's land mass. Here are China's largest desert (the Taklimakan), grasslands, the Gobi desert and glaciers. There are also many snow-capped peaks--the highest being 7,546 meters above sea level.

The area is rich in natural resources; it accounts for about 60 percent of China's coal reserves, and ranks first in the country in reserves of 40 minerals, including nickel, molybdenum, platinum, beryllium, lithium, potassium, magnesium, asbestos and mica. It is also known for its vast pastoral areas and well-developed timber industry.

The Chinese government has always given top priority to the area's road construction to help speed its economic advance, local officials said.

The state had spent five billion yuan on local road construction by the end of last year. It provided about 240 million yuan in funds and 417 million yuan-worth of aid in the form of grain, cotton and cloth earlier this year to help 100 poor counties build 30,000 km of rural roads.

Roads have been built in areas with wretched conditions. For example, along the Qinghai-Tibet road there is a 560-km section crossing a permanently frozen zone, at least 4,600 meters above sea level.

Here polypropylene has been used for the first time in China to surface a 150-meter section. The chemical has proved effective in preventing subsidence in the permafrost. This is regarded internationally as a breakthrough in road construction.

There is also a 503-km section of road built entirely with salt in Qinghai's Qiadam basin, best known for its huge salt deposits. The "salt" road has proved superior to cement or asphalt ones in terms of reliability, smoothness and hardness.

Local peasants provide the labor for the construction, officials said. They are paid by the government 25,000 yuan worth of grain, cotton or cloth for completion of one kilometer. Now, two million peasants in mountainous areas are building roads and have already completed 10,000 km.

"Where there is a road, there is prosperity," local residents say. A typical example is Zhaochuan township in Shanyang county, Shaanxi province. Following completion of a much-needed road in 1975, the mountainous township shipped out 4,000 tons of local products the same year, earning 1.25 million yuan, with more chemical fertilizers applied, its grain output more than doubled to 10,000 tons. Peasants' daily earnings tripled to one yuan.

"With 300,000 trucks, state and collective transport companies undertake to carry half the freight in northwest China," a local transport official said. Road transport, however, can not keep pace with rapid economic construction, he added.

Since 1982, individual peasants have been encouraged to buy trucks and buses to supplement the government's effort to speed up road transport. They are aided by state transport firms in maintenance, refueling, driver training, information and lodging, the official said.

Peasants now have more than 20,000 vehicles, and more are on the waiting list. An owner can earn up to 10,000 yuan a year.

Work is under way on three expressways totalling 70 km in northwest China, each being 24 meters wide.

Chinese top leaders, including party general secretary Hu Yaobang, have pointed out that the nation's economic construction effort will gravitate to the northwest around the turn of this century, and transport, particularly road construction, is vital to the area's prosperity and future development, they added.

Local people will go all out for road construction in the future to pave the way for the economic shift, officials said.

CSO: 4020/7

TRANSPORTATION

BRIEFS

NEW SHANDONG HARBOR--Jinan, 20 Sep (XINHUA)--A new harbor in east China's Shandong Province will open to foreign ships when completed by the end of this year, an official of the local trading ports departments said here. Hijiu Harbor has the most advanced coal-handling equipment in China and two deep water docks for ships of 100,000 dwt, which can handle 15 million tons of coal each year. The whole project will be completed by the end of this year. It will be the fifth harbor to open to foreign ships in this coastal province; the other four are Qingdao, Yantai, Longkou, and Weihai, having a total annual handling capacity of 50 million tons. Shandong Province ranks first in agricultural output value in the country. It is also in first place in the production of cotton, peanuts and fruit. [Text] [Beijing XINHUA in English 0324 GMT 20 Sep 85]

SHANGHAI CONTAINER FACILITIES--A new report from the Shanghai Harbor Administration Bureau praises prospects for container cargo transport in China's largest trading port. Over the last five years, the container handling capacity of Shanghai Port increased by nearly 40 percent a year. Today, 20 container ships, on average, visit the port every month. Yet more can be done, the report said. Only 20 percent of the city's total cargo volume is shipped by container. There are two container terminals in Shanghai Port. The Jun Gong Road Container Terminal has two berths, with a quay length of 392 meters and an area of 110,000 square meters. The Chang Hua Pang Container Terminal, still under construction, has two container berths with a quay length of 424 meters and an area of 230,000 square meters. Computer systems have been installed in the yard of Jun Gong Road Container Terminal. [Text] [Beijing CHINA DAILY in English 27 Sep 85 p 2]

SHENGLI OILFIELD OPENED--Jinan, 29 Sep (XINHUA)--An airport to serve Shengli oilfield--China's second largest--in Shandong Province, was opened today. It is China's first airport build especially for a major industrial enterprise. It was built over 12 months by engineers of the air force of the Jinan military area command of the People's Liberation Army. [Text] [Beijing XINHUA in English 1902 GMT 29 Sep 85]

SHANDONG DEEP-WATER BERTH--Jinan, 2 Sep (XINHUA)--A 20,000 ton-class deep-water berth has been recently built at Rizhao County's Lanshan Port, Shandong. Only about 24 nautical miles from Lianyungang to the south, it is the very first local deep-water berth in Shandong. [Summary] [Beijing XINHUA Domestic Service in Chinese 0037 GMT 2 Sep 85 OW]

HUIYANG-NANCHANG AIR SERVICE--A new air transport route has opened between Huiyang, Guangdong Province, and Nanchang, Jiangxi Province. The first flight on this route was on 27 August. There are two scheduled flights weekly: one from Huiyang to Nanchang on Monday; the other from Nanchang to Huiyang on Tuesday. [Summary] [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 27 Aug 85 OW]

GUANGDONG RAIL, ROAD, SHIPPING--The provincial conference on coordinated transport, which ended yesterday, disclosed that the province will further develop railway, highway, and shipping coordinated transport to link all transport means with production, supply, and delivery, so as to accelerate the circulation of passengers and freight. Over the past few years, along with the development of transport, transport enterprises in the province have strengthened their links. They have carried out coordinated transport operations in many forms, in accordance with the needs of passenger and freight transporters. The principles of voluntary participation and mutual benefit have achieved fairly good economic results. The conference held that the province must further develop coordinated transport business and must set up coordinated transport service organs in key ports and cities in economically developed areas and central cities of the province. The province must also set up coordinated transport service organizations involving other provinces. [Excerpts] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 22 Sep 85 HK]

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